

LIBRARY

FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY • FINANCE • COMMERCE



UNIVERSITY
OF MICHIGAN

JAN 28 1952

BUSINESS ADMINISTRATION
LIBRARY

FOOD GROUP EXECUTIVES AT WORK

Story on page 3

Credit and Managerial Guidance Given
Customers by Supplier Parents' Best

Industry Can Meet Its Problem, It Not
Government's Business

Industry's Tax Burden Is Essential
for Profitable Operation in '52

Manufacturers' Extraordinary New Plans
Have Not Yet Begun

FEBRUARY 1952



LAST CALL!

THE number of orders for the 1952 Credit Manual of Commercial Laws indicates that this edition soon will be a "sellout." So we urge you to send in your order by an early mail.

↪ The 1952 Credit Manual Should Be On Your Desk for Ready Reference ↩

The large number of new laws and amendments passed by state legislatures requires rechecking on many credit procedures on such items as:

Trust Receipts—Conditional Sales and Chattel Mortgages—Assignment of Accounts Receivable—Factors Liens—Mechanics Liens—Sales and Use Taxes—Bulk Sales—Claims Against the Federal Government—and other important problems you face regularly in your credit work.

The 1952 Credit Manual also will give you the latest information about the Fair Trade and Price Maintenance Laws as affected by the decision of the United States Supreme Court; also the 1951 amendments to the Price and Wage Stabilization Law. If you seek to sell to the Armed Services, the Manual will tell you how to contact the Army, the Navy and the Air Force. New federal credit controls are covered.

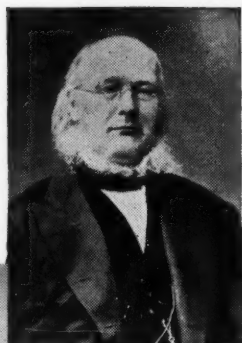
No Other Single Volume Gives You as Much Up-to-the-Minute Information on the legal aspects of business transactions as this new 1952 edition of the Credit Manual.

Don't Delay Your Order

We may not be able to fill it unless you act at once.

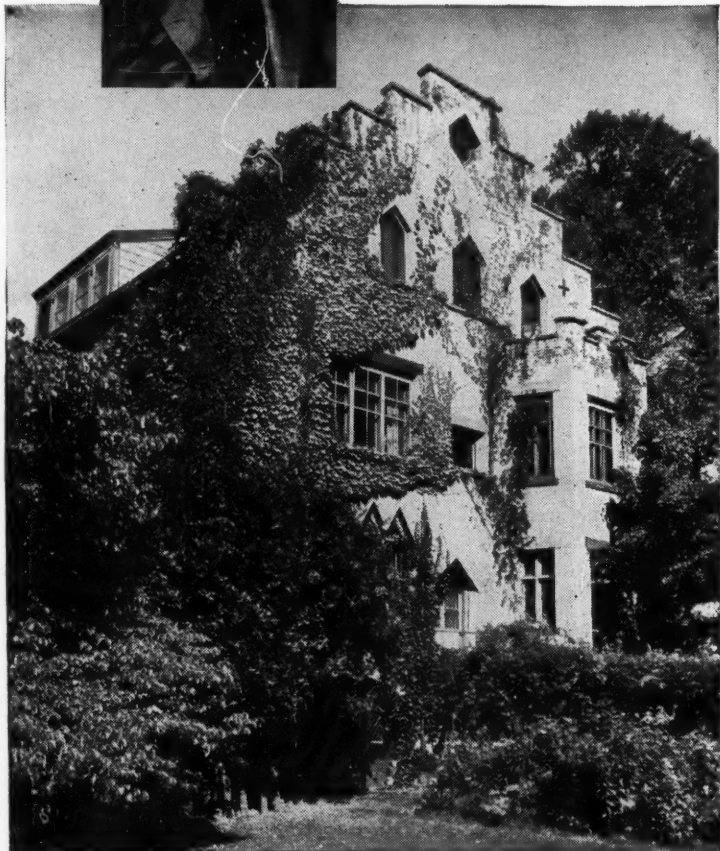
(Special price to Members \$8.50—regular price \$10.00)

**Publications Department
National Association of Credit Men
229 Fourth Ave. New York 3, N. Y.**



"Go West" Greeley

*the old wood chopper
of Chappaqua*



Nast cartoon of Washington and Greeley was captioned, "History repeats itself. Both fond of chopping trees, and neither of them could tell a lie."



The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

Copyright 1952, The Home Insurance Company

TO BE GREETED as "Uncle Horace" always pleased Greeley and indicated the public's affection for the editor of the powerful New York *Tribune*. His peculiar garb and cherubic, whisker-ringed face made him the caricaturist's favorite; his high voice won him the nickname Squeak; but it has been said that "no other man in his time exercised so great an influence." Although he was responsible for advancing other men's careers—notably he secured Lincoln's nomination for the presidency—the only political office he held was a brief term as Congressman.

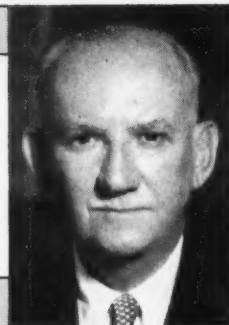
Born in Amherst, New Hampshire in 1811, Greeley started as apprentice printer when only fourteen and at twenty came to New York with his possessions tied in a handkerchief. His tattered clothes cost him many jobs but men who hired him found him an able printer and he soon had his own shop. In 1841 he founded the *Tribune* which under his editorship set a lofty standard.

As a supporter of causes Greeley molded opinion and his reiterated advice to "go west" was often heeded yet in his own home he declared he had no voice "unless I fight for it and not even then." The house in Chappaqua, New York, where he lived for twenty years was selected to please his wife, a complaining invalid devoted to spiritualism and health cures, but it failed to interest her. To Greeley, however, his property was a joy for here he could indulge his fondness for farming and for chopping wood. "The ax," he used to say, "is my doctor and my delight."

In 1872 when Greeley ran against Grant for the presidency, he made a short speaking tour and was so violently attacked as a "beggar for office" that he said, "I hardly know whether I am running for the presidency or the penitentiary." He was defeated and died a few weeks afterwards.

★ THE HOME ★
Insurance Company

Editorial



Credit—Keystone of Progress

GREAT MEN prove their stature in times of adversity. The men whose names have lived have been those who fought for a cause, convinced that their cause was right and that they were called to lead the fight.

If Washington and Lincoln were alive today—and never were men more dedicated to a cause than they—one point on which they would agree (and one least understood by most of the people) would be that credit, the credit of business, the people and the government, presented the most frightening problems they had to face in their struggles.

Sound credit was as essential to them as the basic weapons of war. When they faced defeat it was often through lack of credit. Yet neither of them, when the opportunity came, failed to strike out boldly and establish a solid credit structure. Expediency might have indicated an easier course but they were not given to expediencies. They looked beyond the immediate future.

Credit is a potent, dynamic force. It can build or wreck nations. It can win or lose wars. It can create or destroy a people's standard of living. Its possibilities are infinite, but it must be controlled with care and skill.

Time and again, in public affairs, men have been entrusted with the responsibility for credit who had little qualification for such a tremendously important task. They didn't understand its functions; they didn't realize its potentialities, its influence, its great constructive power. In industry, too, management frequently fails to grasp the business-building opportunities inherent in a sound credit policy.

The management of credit is no job for people who do not understand it through and through. It requires men and women schooled in handling it and wise in the full knowledge of its power. The management that learns that its credit department can build or destroy its business is on the highway to progress.

A stylized, handwritten signature of Henry H. Heimann in dark ink.

HENRY H. HEIMANN,
Executive Vice President

THE FEBRUARY COVER

THE NATIONAL Food Manufacturers Credit Division is the fruition of an idea to supplement and widen the services and information available through New York, Chicago and other cities.

The board of directors, seen in action (page 28) at the recent meeting in New York, meets again this month, with the Chicago Food and Confectionary Group. Officers of the Division are (right)



Chairman Elmer Weiland, the Atlantis Sales Corporation, Rochester, N.Y.; (left) Vice-Chairman T. J. Lyon, Kellogg Sales Company, Battle Creek, Mich.; and Treasurer F. M. Hulbert, The Procter & Gamble Distributing Company, Cincinnati, Ohio.

Mr. Weiland was with the Alliance Bank of Rochester before entering the Navy. He started with The R. T. French Company in December, 1919, and was appointed credit manager of the Atlantis Sales Corporation in 1937. He is past president of the Rochester Credit Men's Service Corporation and the Rochester Association of Credit Men.

Mr. Lyon's first employment was in a small town bank. Then he went to Battle Creek in the cashier's department of the Postum Cereal Company. After an absence from 1913 to 1921 he returned and since has been at Kellogg's, practically all that time in charge of the credit department. The company holds memberships in New York, Chicago, Grand Rapids, Kalamazoo and Omaha.

Mr. Hulbert joined Procter & Gamble in 1929 and worked in branches until 1936, when he became assistant manager of the credit division of the general office, advancing to credit manager in 1947. He is vice president of the Cincinnati Association and president of the Service Bureau.

"When your customer feels in his heart that you are genuinely interested in him, that you understand him, that you want to help him," writes Robert E. Moore in The Human Side of Selling, "then you become 'his salesman,' the one with whom he prefers to do business. Sooner or later you also become his friend, and he enjoys doing business with you."

**CREDIT
and**

FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY * FINANCE * COMMERCE

General Manager: Edwin B. Moran

Official Publication of The National Association of Credit Men

VOLUME 54

NUMBER 2

IN THIS ISSUE

	Page
Credit—Keystone of Progress—Editorial by Henry H. Heimann	4
Washington	6
There's Gold in Golden Rule through Managerial Guidance	8
My Most Perplexing Credit Problem	10
Industry Can Meet Its Problems—By Lorne D. Duncan	11
The Effects of Taxes on Business Planning	12
Legal Notes and Opinions	14
Waste Now, Repent Tomorrow—Henry H. Heimann to Bankers	15
Westinghouse Credit Training Program	16
Trends in Business and Finance	19
Up the Executive Ladder	24
Letters from Readers	31
Efficiency Tips—Keeping Informed—Book Reviews	32
Modernizing for Office Efficiency	33
Industry Groups' Committees Get Set for N.A.C.M. Convention	35
Management in the News	39
Credit Associations in Action	42

EDITOR Ernest A. Rovelstad
ASSOCIATE EDITOR Richard G. Tobin
ADVERTISING & BUSINESS MANAGER Edwin B. Moran
ASSISTANT ADVERTISING MANAGER M. M. Bradford

ADVERTISING REPRESENTATIVES

Send copy and cuts to 33 So. Clark Street, Room 1538, Chicago 3, Ill.
 Chicago, Ill.—Russell Smith, 205 West Wacker Drive, Phone: DEarborn 2-5091
 Cleveland, Ohio—Howard McClenahan, 402 Sweetland Bldg. Phone: Prospect 1-6100
 Los Angeles, Calif.—Robert W. Walker, Robert W. Walker Co., 2330 W. Third St. Phone: DUmkirk 7-4388
 San Francisco, Calif.—Rogers W. Parratt, Robert W. Walker Co., 57 Post Street, Phone: SUtter 1-5568

Published on the 15th of month preceding date of issue by the National Association of Credit Men, 404 N. Wesley Ave., Mount Morris, Ill.

Entered as second-class matter Dec. 28, 1951, at the post office at Mount Morris, Illinois, under the Act of March 3, 1879.

Subscription price \$3.00 a year, 25c per copy; Canada, \$3.50; all other countries, \$4.00 postpaid. Copyright 1952. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein. Printed in the United States of America.



Publication Office:
 404 N. Wesley Ave., Mount Morris, Ill.
Editorial and Executive Offices:
 33 South Clark St., Room 1538
 Chicago 3, Ill. Phone: ANdover 3-3096
 (Address all editorial material, photos and plates to the Chicago office.)



❑ ALL DIVIDEND PAYMENTS by most corporations last year must be reported on Treasury form 1099 by February 28 to the Commissioner of Internal Revenue, c/o processing division, C. C. Station, Kansas City 2, Missouri. Treasury department regulation 11 (26C.F.R., part 29) paragraph 4, 29.148.1 is changed by treasurer's decisions Nos. 5856 and 5859 which require the reporting of all dividend payments made by non-exempt corporations in 1951. The ruling also changed to February 28 the date on which these information returns must be filed.

❑ A ONE-MAN shop (exempt from price control under C.P.R. 93) is defined by O.P.S. as an individual man or woman who does not use the services of any other person or a sub-contractor.

❑ ENFORCEMENT of the Walsh-Healey Act is virtually halted, according to the Government, by the refusal of the United States Supreme Court to review two cases involving the question of application of the two-year statute of limitations, in Section 6 of the Portal-to-Portal Act of 1947. The two companies are Lance, Inc., Charlotte, N.C., food manufacturer, and Lovknit Manufacturing Company of Greenville, Texas, knit goods maker.

❑ PROFESSIONAL engineers may be paid overtime at straight time rates, whatever the previous practice, the Salary Stabilization Board ruled.

❑ DELIVERED PRICES and freight absorption are not banned under the Robertson-Patman Act, according to James M. Mead, chairman of the Federal Trade Commission. Chairman Mead, former U.S. senator from New York, said such features of the Robertson-Patman Act are covered in this F.T.C. statement:

"The public and the business community should not be left with the impression that the Federal Trade Commission is acting or has ever acted to prohibit or interfere with delivered pricing or freight absorption when innocently

and independently pursued with the result of promoting competition. The commission and the courts have acted to stop these practices only when they have involved collusion, conspiracy or unjust discrimination with resulting damage to competition and the public interest."

Chairman Mead said functional discounts—pricing to different classes of trade such as wholesalers, jobbers, sub-jobbers, and retailers—are not prohibited by any rule issued by the Trade Commission.

"I can assure you that the Commission has never issued an order in a price discrimination case forbidding a manufacturer to grant a functional discount as such, and I can assure you as chairman of the Commission I have no thought of attempting any such action, as in my judgment the law does not permit the Commission to issue such a rule."

The Commission has not outlawed all price differentials and is not forcing a one price system upon industry, he added. The law permits differentials in price when they result from varying and justifiable differences in the cost of manufacture, sale, and delivery.

❑ CLAY BEDFORD, Kaiser-Frazer vice president, was named by Defense Secretary Lovett to expedite military production.

❑ SETTLEMENT prices for defaults on futures contracts must not exceed the spot ceiling price for the commodity, according to O.P.S.

❑ CORN AND RICE CROPS this year will not be placed under marketing quotas and acreage allotments because supply is below the quota quantity line, the Department of Agriculture announced. However, standby price regulations were drafted against any possibility of the reaching of parity.

❑ A CONFERENCE of 14 Government loan and procurement agencies has agreed upon a program to abolish the set-off, a practice under which prime contractors have the power to withhold payments on subcontracts as a weapon to recover debts or claims due from a subcontractor on other accounts. The program, according to Telford Taylor, small defense plants administrator, calls for a drive by the Government for voluntary abandonment of the system, other measures when contractors refuse to cooperate.

"I would hate to tell a man being forced out of business that statistics show he is prosperous," was Mr. Taylor's retort to the contention of Pres-

IS THIS TRIP NECESSARY?

A question: If babies are necessary, what about baby carriages? With a record crop of potential occupants, the manufacturers of prams said the cutbacks of materials were forcing 40 per cent lower production this first quarter.

BUT WILL THEY TURN?

Canned fried worms should be happy. O.P.S. has exempted them from price control, conservatively adding the cost of living is affected only to a "trifling" degree by their prices. Question: who'd trifle with a canned worm?

Canned rattlesnake meat, crepe suzettes and walnut sauce also were exempted.

ident Benjamin F. Fairless of U.S. Steel (in an address in Philadelphia) that small business can get more defense production orders without Government help). The S.D.P.A. has opened new headquarters in Washington at 1337 E Street N.W., with Albert J. Lubin as director of public information.

Under a new cooperative setup with the Reconstruction Finance Corporation, small concerns may file applications for financial assistance under Section 714 at the R.F.C. field offices, on the standard R.F.C. loan forms, thus eliminating duplication of effort.

☐ ONLY ONE-SEVENTH of the applications for materials for churches, fire stations, office buildings and other commercial or community projects this quarter were approved by the N.P.A. construction controls division.

☐ D.P.A. GOALS: 120 million ingot-tons of steel capacity by 1954; 15 million tons of production of the low-grade iron ore called taconite by 1956.

☐ DEFENSE mobilizers are unnecessarily "straining the nation's economy by uninformed decisions," says Assistant Attorney General Morison. Amplifying a Department of Justice report to Congress, he adds that many of the fundamental dislocations could have been eliminated or held to a minimum.

☐ GROSS INCOME of \$600, instead of the previous \$500, is the dividing line in determination of classification as a dependent under the new tax law, taxpayers are reminded by John B. Dunlap, internal revenue commissioner. (Someone may have forgotten.)

☐ "VICIOUS RIVALRY among unions," is pushing the railroads up a blind alley, a presidential emergency board was told in the long fight between the carriers and the Brotherhood of Locomotive Firemen and Engineers.

The procedure, said J. M. Symes, operating vice president of the Pennsylvania Railroad, starts with the presentation of impossible padded demands by one labor group. When management balks, a strike vote is taken for a "shotgun" settlement. Then other labor groups, demanding

higher grants, make a battle royal out of it, with the slight exception that all the labor blows are aimed at the carriers. Thus the firemen refuse to settle for the same increase granted the trainmen, the while inflation absorbs all increases of efficiency from roadway and equipment improvements and not from "any greater effort on the part of employees." Mr. Symes called the forcing of 48 hours' pay for 40 hours' work the railroads' "severest blow."

☐ THE O.P.S. extended until February 13 the suspension of price controls on sale and repair of ships at least 65 feet long.

☐ MINOR CHANGES in M-16 to make the order effective in all directions of detail were announced by the N.P.A. M-16 covers copper raw materials allocation.

☐ M-83, standardizing and simplifying production of hydraulic and mechanical jacks, has sped deliveries, saved scarce materials and eliminated excessive inventories, manufacturers informed the N.P.A.

☐ TIN SUPPLIES for industry are the lowest ever, according to the N.P.A. Receipts from detinners and from Bolivia were down to 2,100 tons a month and the R.F.C. stockpile totaled only 8,300 tons.

☐ ONLY the 1948 and '49 farm crops exceeded the total for 1951, according to the Department of Agriculture.

☐ TO BUILD UP the low inventories of smelters and fabricators, the N.P.A. fashioned a new set of procedures for generators and aluminum scrap dealers.

☐ A SLOWING DOWN of civilian output is expected to follow a program projected by the N.P.A. to provide special priority to defense needs of essential parts. Administrator Manly Fleischmann did not go all the way with the demands of the military production heads who had asked that all other requirements take a back seat. Incidentally, the administrator said the military is getting all the materials it needs. Mr. Fleischmann since has dropped his N.P.A. post to give all his attention to D.P.A.

☐ AMENDING M-2, the N.P.A. has relaxed restrictions on total rubber consumption by manufacturers, eliminated allocation controls on general purpose synthetic rubber, and opened the way for importation of natural rubber latex when the Government has disposed of its stocks. However, restrictions continue on the use of natural rubber in the making of auto and truck tires and inventories are limited to 60 days; butyl synthetic (inflatable) remains under allocation, and

(Concluded on page 30)

There's Gold in the Golden Rule through

Managerial Guidance

How Financial Counsel by Suppliers Pays

"WE OPERATE a wholesalehouse, not a business college."

This provocative reply from one of the 25 or more companies addressed in a BUSINESS AND FINANCIAL MANAGEMENT survey of financial and managerial guidance given by suppliers to dealers raises a new question:

Is management overlooking a medium of increased business if it fails to allot a portion of its operational time and money to education of its customers in profit-making?

To pose the question in another form: Why shouldn't management give a modicum of "business college" training to its customers when, it is agreed, the more profitably they operate the more of your product they will buy and sell?

The results of the survey are proof that the aforementioned reply is not representative. Nevertheless, they bear out the observation in the survey letter that "we have reason to believe the treasury and credit departments of some companies are not going all-out to supply their dealers with information and other tools for finance-and-management improvement for mutual advantage in both profits and public relations."

These aids to dealers are surely a "Must" in these days of heavy operating costs, pressing taxes (retroactive, too), Governmental controls, and directives changing almost daily and throwing sand into the business gears.

We asked management to what extent it is helping its dealers to

set up simplified accounting systems, systematize their own credit systems and follow-ups, understand and apply ratio analysis, set up budgets of overhead operational costs. We inquired if management is issuing bulletins on trends or putting dealers in contact with other sources of such releases, and counseling accounts on insurance programs. Finally, we asked how management went about interesting lackadaisical

dealers to make use of services.

The replies reveal a range of managerial services varying with the nature of the business. For example, G. B. McKee, senior vice president of The Salt Lake Hardware Company, writes:

"We work very closely with our dealers and counsel with them as to extension of credit, inventory turn-

(Continued on page 26)

Commercial Servicing

CREDIT MEN should lift their eyes from ledgers and files and share their specialized knowledge with the customers by counseling them in methods to strengthen their financial position and efficiency, Bert H. Davis, treasurer of Charles Millar & Son Company, of Utica, told members of the Triple Cities Credit Association (Binghamton, Endicott and Johnson City, N.Y.). The meeting was in Binghamton, where the company has a branch office.

Thus operating also as a commercial servicing agency, the credit department applies a selling function, "because it helps build sales that result in profits instead of bad-debt losses," Mr. Davis points out.

In what specific directions may credit personnel provide such commercial service to the customer? Here are several he mentions:

- (1) Help him to buy wisely;
- (2) Improve his own credit policies: (a) quote large-contract prices on a progressive payments basis; (b) make regular billings, properly worded;
- (3) Use bank credit wisely;
- (4) Work out an adequate insurance program;
- (5) Understand his tax obligations;
- (6) Know the media of information aids, such as trade publications;
- (7) Analyze his financial statements, operating costs, expense rates, and ratio of inventory to sales.

The sales staff can handle many of the customer's problems, Mr. Davis notes, "but a host of the difficulties, large and small, are in a field in which credit people are best equipped to offer commercial service."

Counseling the dealer to buy in proportion to what he can turn over in 60 to 90 days is one of the service areas. "There will be times," he says, "when it pays to take back merchandise which is not moving, in order to furnish goods that are needed for current sales. We must not let such a situation go by without comment; we can use that overstocked situation to teach him to plan his future buying more realistically."

The dealer handling a large contract should be informed he is justified in quoting prices based upon frequent payments as parts of the

Management in other companies is invited to submit case histories of its means and methods of providing financial and managerial guidance to customers, for publication in future issues.

Address your letters to The Editor, Credit and Financial Management, 33 South Clark Street, (Room 1538) Chicago 3, Illinois.



BERT L. DAVIS

contract are completed, credit men are advised. "A big job will not throw undue strain on a contractor if, by the terms he quotes, he turns it into a series of smaller jobs and does not tie up thousands of dollars needlessly."

He can be taught the values of billing regularly. "His billing and bookkeeping costs will be absorbed by advantages he receives, discounts he earns, by receiving his own pay more quickly. Every bill he sends out should show terms of sale—and the wording, 'Terms: Cash,' does not in any way qualify as a request for prompt payment by his customer!"

Mr. Davis points to his own company's service to customers in the use of bank credit. "There are seasons in which almost any business needs short-term money from outside," just as it needs to buy more merchandise at certain periods of the year. "In many instances our credit departments have helped customers determine what type and amount of bank credit was needed and aided them to set up the figures they'll present to the bank to show how the money will be used and how it will strengthen the business of our customer."

Part of Selling Organization

"Who," asks Mr. Davis, "will make certain that a customer who isn't experienced in business will be adequately insured? Who will take pains to see that he knows what his various obligations are in the complicated field of taxes? Who will call his attention to trade papers and other helps for new businesses—such pamphlets as those issued by the New York State Department of Commerce?"

Mr. Davis, urging that credit personnel consider themselves part of the selling organizations of their companies, comments:

"We may grin at the informality of grain-futures trading in Chicago, where a trader holds up one hand and buys 5,000 bushels of July wheat futures from another dealer. But much credit business is conducted without written and signed agreements and on exactly the same basis of confidence in the customer's willingness to pay and his ability to meet his obligations."

Therefore the customer's ability to pay becomes the credit man's chief concern, and while the receivables are a foremost obligation of credit management, "credit-granting and collection of accounts are on a stronger foundation when we do all we can do and are equipped to do to strengthen the financial worth and

Doing business without advertising is like winking at a girl in the dark. You know what you're doing but no one else does.

—The Salesman's Treasury
Edited by Lawrence Lariar

efficiency of such customers as will accept our advice."

Credit folk will do well "to sit down with at least the newer proprietors, and with some older business heads who have grown too complacent," to point out both strong and weak elements in their financial statements. "I'd like to look over the operating figures, too," Mr. Davis adds. "How about the ratio of inventory to sales? What about the expense rates—labor, repairs, rent or its equivalents in space costs, public utilities, transportation and local trucking?"

Here are a few examples of counseling by the Millar company:

"By such a study of a rapidly growing labor total, we showed one customer that two of his men didn't earn their keep. We exposed in another case that a manager had paid himself a larger share of the year's profits as a commission than his contract authorized."

Service to Truckers

MODEL LESSONS in the how and why of providing special services for accounts may be had out of the myriad experiences of the truck service stations in California, network and individually operated, which set the pace in super attentions to its preponderant share of the 8½ millions of trucks which carry the rolling commerce of the highways.

Investment in these deluxe stations varies up to \$750,000 and involves not only large space but also huge outlays for costly equipment and specialized handling of it. The station that really faces up to competition must have a good restaurant, clean restrooms, showers and bunkhouses. But more than that—much more. A costly inventory is maintained—tires and accessories—with small profit margins because of the competition, despite the risk of heavy loss.

Some stations have 60-foot scales, many or most have wet or dry ice available, gather crop movement information and schedule pickup loads for customers, promote stops accord-

"Another business house, following advice to dispose of a certain warehouse that had come with the purchase of the business, learned somewhat later from that warehouse that a dishonest employee had drawn thousands of dollars worth of merchandise. In that case, two sources of losses were eliminated by the sale of that property, which also strengthened the working capital."

A challenge to credit departments, especially in larger businesses, says Mr. Davis, is to establish close and friendly relations with customers so that they will ask for counsel. "The larger houses may help somewhat by a series of counseling letters or pamphlets. Too, they may send out credit department assistants who will strike up more personal relations with some customers if only to find what typical problems arise among the thousands of firms to which they are extending credit."

The overall benefit to a company from such commercial service is summed up by Mr. Davis in a sentence that could be adopted by any credit department as a basic tenet of operation:

"The more selling and service we put into credits, the more satisfying will be our sales volumes, our profits and the ratio of bad-debt losses to sales."

ing to detailed studies of locations, and all bear down on close supervision to give the best service available. If they don't, the other fellow will soon garner their customers.

Oil companies, with networks of stations, have elaborate programs for promotion of the use of their products by the large trucking companies, and of course offer service and credit card arrangements.

Financial and managerial guidance is not the least of the services provided by the Standard Oil Company of California to the 40 stations which sell its Chevron petroleum products in six western states. Not only are all these stations beneficiaries of the company's promotional program but the standing offer of managerial assistance holds for all phases of handling of operations.

Suppose for example, a Chevron station finds itself in financial straits. For the asking, Standard sends a specialist to the spot. He studies all

(Concluded on page 26)

MY MOST PERPLEXING CREDIT PROBLEM

A Series on Management at Work

A NEW oil well precipitated my greatest credit quandary. I held my breath longer over this case than any other that I can recall from my years in the profession. In the end we worked it out, but only after we had learned—the hard way—several lessons which may be of some value to others.

The setting was a Mid-Continent oil field in the Southwest United States. The "A" Company had been our distributor in the area for quite a few years but had been doing only a fair amount of business.

Then a new oil field was discovered in the territory. Immediately business went up and the company sold more of our product. However, its credit was none too good. "A" Company was quite small, did not have enough capital to handle the business in an area which suddenly had become a big potential. In fact, it never commanded much capital.

V. A. BINGHAM, credit manager of the Macubyte Company, Kenosha, Wis. has been with the company 26 years in that capacity. It was in January, 1926, that he joined Macubyte in charge of the credit department.

Mr. Bingham has been active both in credit association and community interests. He is a member of the board of directors of the Chicago Association of Credit Men. In Kenosha, he was president of the Kiwanis Club in 1950, is a member of the board of education, and is president of the newly formed vocational school advisory council, a separate city board project under state direction. He is also active in Boy Scout and church work.

Our salesman in the area, on the job and awake to the large possibilities, proposed that we take on "B" company, in another city. He had approached "B" and had been favorably impressed. Its management was more alert and aggressive than that of "A" and saw that our salesman had something to offer. "B" Company asked to handle our wire rope products.

IN THE MIDDLE OF A FEUD

Our investigation showed that "B", while small, was in a position to command more capital from the banks. So we made an agreement with "B" while continuing to use the services of "A". Eventually we obtained considerable business from both companies.

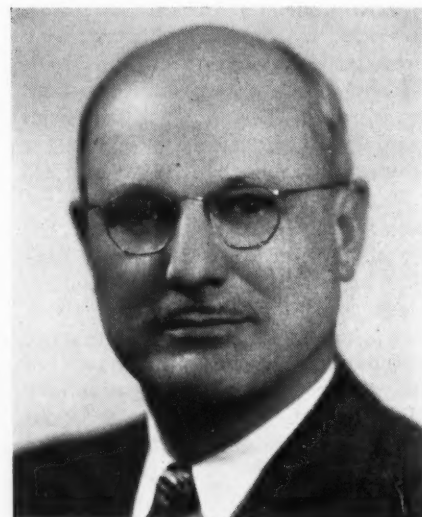
Then arose the problem, and we found ourselves squarely in the middle of it. Bitter enmity sprung up between "A" and "B". The "A" Company owed us \$85,000; "B" owed us \$50,000.

"B" HOLDS UP PAYMENTS

From "A" Company we had obtained assignments of oil royalties; we got assignments from its customers, in fact, we acquired about every kind of guaranty possible. In that respect, the situation was not so serious so far as "B" Company was concerned, but "B", learning that "A" was slow pay, became vindictive and bellicose. Why, its management thought, should it pay us promptly when "A" was slow pay? The fight between the two sharpened. "B" more or less deliberately held up payment as each tried to drive the other out and get our account exclusively. Our sales department also found the situation growing increasingly difficult.

What to do? Should we tell "A" Company to get out? "B" Company? Both?

"B" Company had a little more



V. A. BINGHAM

General Credit Manager

The Macubyte Company, Kenosha, Wis.

money than "A" and we determined upon a showdown with "B", with the vindictiveness of its management as our leverage. We used this to get a new management into the saddle. The incoming management saw the light, recognized the fact that a continuation of the duel could end only in a breakup of both companies.

Eventually, after ceaseless work on our part to overcome seemingly insurmountable obstacles, "A" Company paid off the \$85,000 and "B" its \$50,000.

"B" Company finally merged with another company in the same city into what has become a concern of medium size serving the area. But the warfare had so destroyed the "A" Company management and standing that it never has fully recovered, though during the war it was saved by turning to a machine business under subcontract. It is still operating, but at a very reduced volume.

While the feud was at its height, both "A" and "B" were taking care of their smaller creditors very satisfactorily. We had frequent Interchange reports proving that. Both were using their indebtedness to us as a club for getting exclusive rights.

(Concluded on page 23)

Industry Can Meet Its Problems If Not Hamstrung by Government

By LORNE D. DUNCAN

*President, National Association of Credit Men, and
General Credit Manager, National Distillers Products Corporation*

THERE is a general hesitancy among business executives as to prospects for 1952. This statement is based upon my observations while visiting with officers and members of 23 local associations in the last six months of 1951. Everywhere the question that seemed foremost in minds of management leaders was: "What will be the business picture in 1952?"

In each city I heard reports of a general demand by consumers for lower prices. This fact was emphasized recently in a survey, conducted by the credit associations in New York City and Los Angeles, which indicated that this revolt against current prices has considerably reduced the backlog of future orders in several industries that do not have a direct connection with production of defense materials.

Scare buying inaugurated just after the Korean crisis brought about inventory peaks and quick advances at retail levels. The New York-Los Angeles survey shows quite definitely that these excessive inventories have not as yet been liquidated in such industries as electrical appliances, office equipment, rugs and floor coverings, paper and textiles. In textiles, 70 per cent reported that customers' inventories were still high.

The situation in the lumber industry in the Pacific northwest is similar. After Korea the Brass Hats in the Pentagon sent word to the Coast that the Government would require 30 per cent of the fir lumber produced in that area. Dealers' orders piled in at a great volume. The mills worked at high speed to fill them and dealers' stocks were stacked high in almost every wholesale and retail yard.

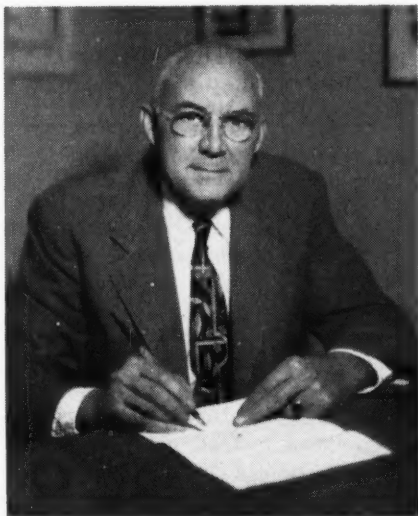
Then Pentagon Reverses Itself

Regulations restricting building operations on new homes greatly reduced the demand for fir lumber. Then the Brass Hats finally determined that only 5 per cent of the Northwest's lumber would be needed for defense. The net result has been that mills, jobbers and dealers, even after cutting prices, have been un-

able to find relief. Prospective home builders have revolted against high building costs and seem to be awaiting the time when they can obtain bids within gunshot of their building budgets.

The situation in the lumber industry is an example of the general price situation we face because of the bungling of Government authorities in Washington.

Textiles present still another case.



Textile mill operators in some of the important Southern producing states have asked Congress to decontrol cotton for the reason that price regulations have been the direct cause of the most drastic declines in cotton consumption since the 1937-38 period. Some authorities have said the drop in cotton consumption during price controls has been as severe as 22 per cent.

Downward Trend in Commitments

Leaders in the Purchasing Agents Association, at their meeting in New York City, were quoted as saying "forward buying (future orders) had been reduced in more than half of the twelve fields of manufacturing from which reports had been received." This downward trend in commitments is in sharp contrast with the rush to place orders up to the third quarter of 1951, the purchasing agents pointed out. Here again high prices apparently caused

the postponement of orders in the hope of general lowering of prices this year.

As pointed out so admirably in the *Monthly Business Review* by our executive vice president, Henry H. Heimann, the new tax law with its increased levies will have a marked effect on the progress of industry in 1952. A survey on net earnings of 510 companies shows taxes now are taking an average of 62 per cent of operating revenue as compared with 40 per cent a year ago. This survey further indicates a 10 per cent decrease in average net earnings compared with the previous year. These reduced net earnings, the survey stated, were caused by higher operating costs and the expense of carrying large inventories as reflected by the hesitation of buyers to place orders because of higher prices.

In spite of record operations, 11 of the largest steel companies in the country showed a decline in earnings of 21 per cent in the first nine months of 1951.

Wage and Price Uncertainties

As this is being written, these big steel companies are holding daily conferences with representatives of labor unions over the terms of a new wage scale.

Philip Murray of the C.I.O. asked for an increase of 30 to 35 cents an hour. The formula of the Wage Stabilization Board allows only a 10c per hour. Charles E. Wilson, director of defense mobilization, took a quick trip to see the President at the winter White House and was said to have stayed over an extra day to try to persuade the Chief Executive that now is the time to hold firm on wage and price formulas and that a break would result in another and dangerous spurt in our inflated economy. In other such situations the Administration has followed the proposals of Labor. One of the causes for hesitancy on the part of industry is this uncertainty about what will happen on wage and price regulations.

That Congress would be asked to repeal these regulations was evidenced by this declaration by the

(Concluded on page 18, Col. 3)

The EFFECTS of TAXES on BUSINESS PLANNING

So much valuable information of direct applicability to tax planning by corporations is contained in the paper on "The Effect of Taxes on Business Planning," presented by Julian A. Hawk before the National Association of Cost Accountants, meeting in Dayton, Ohio, that *Credit and Financial Management* is publishing it in two parts.

In Part One, herewith, Mr. Hawk points out the avenues to obtaining maximum deductions. In Part Two, which will appear in the March issue, the subject matter concerns primarily the minimizing of taxable income and the importance of study of the excess profits taxes and what to do about them.

By JULIAN A. HAWK

*Tax Specialist and Certified Public Accountant
Partner in Arnold, Hawk & Cuthbertson,
Dayton, Ohio*

THE NEED for intelligent application of sound tax planning was never greater than now.

Taxes must be kept at a minimum so that the corporation may be able to pay adequate dividends and still have funds to take care of needed expansion, make replacements of worn-out capital assets at inflated prices, accumulate reserves, and pay off debts.

The Revenue Act of 1951 provided for an increase in corporation tax rates. For years, beginning after March 31, 1951, a five per cent increase is made in normal tax, increasing it from 25% to 30%. The surtax rate of 22% remains the same as previously. Calendar year corporations figure their 1951 normal tax at 28¼%, thus eliminating two calculations for the split year. Fiscal year corporations will have to make double calculations, and triple calculations if their years ended April 30 or May 31, 1951.

More Spending on Deduction Items

One of the almost certain effects of high corporate taxes, particularly excess profits taxes, is their tendency to cause management to spend more freely on items which constitute deductions. These expenditures, in

JACK AND THE BEANSTALK UP TO DATE

High taxes "are probably one of the major causes of the price and wage inflation," Julian A. Hawk, of Arnold, Hawk & Cuthbertson, certified public accountants, told the National Association of Cost Accountants, meeting in Dayton, Ohio. Mr. Hawk had plenty of evidence to support the conclusion, in a contrast of tax rates six years after World War II with six years after World War I.

A married man with \$25,000 net income now pays \$6,040 more than the \$1,460 total tax of 1924. A corporation six years old or older, with \$50,000 net income and minimum excess profits credit, pays \$21,750 more than the \$6,250 total tax of 1924. So the married man's income dollar has shrunk to 70 cents because of income taxes whereas in 1924 it was reduced to only 94 cents. The corporation's income dollar is cut to 44 cents, compared with the 87½ per cent in 1924, to say nothing of the lengthening shadow of excise taxes.

theory, should be limited to items currently deductible which will provide future benefits. However, as a matter of actual practice, the relaxation usually spreads to nearly all classes of expenses, such as salaries and wages, fringe benefits, employee welfare, and other supplies and services. Here again is another inflationary influence resulting from accelerated spending instead of saving. Such spending habits sometimes lead businesses into high overhead situations from which they cannot survive if and when a normal economy returns. Prudent management will guard against this impulse.

In spite of these spending tendencies, it is to be noted that many corporations are overlooking one class of deductible expenditures that can react to their own benefit and that of their community. That is the allowable deductions for contributions to educational, scientific and welfare activities. In the case of corporations, 5% of net income is allowable for this purpose. Individuals may go as high as 15% of net income.

A recent report issued by Beardsley Ruml and Theodore Geiger for the National Planning Commission says that corporate expenditures for contributions have only been running at from .7% to .8% of net income. They further explain that sufficient time and study of the proper allocation of funds to chari-

table, educational and scientific organizations can result in substantial immediate and long range benefits to the corporation and its employees. Best of all, it can now be had at bargain rates, where the corporation in excess profits tax brackets only pays 18c on the dollar and Uncle Sam picks up the check for the remaining 82c.

J. A. HAWK, the author of this exceptionally informative article, has been a partner in the firm of Arnold, Hawk & Cuthbertson, certified public accountants, in Dayton, Ohio, for more than 20 years. Specializing in problems of taxation, he has served on an advisory committee to the City of Dayton in connection with the adoption and administration of its city income tax ordinance. A graduate of Ohio State University, he holds membership in various accounting organizations.

Mr. Hawk has served as president of the Ohio Society of Certified Public Accountants and has been a member of the council of the American Institute of Accountants.

This paper, which is being printed in two installments, was presented to the Dayton chapter of the National Association of Cost Accountants.

It should be noted that the present law allows deductions for contributions authorized by the board of directors in the year if they are paid within 2½ months after the close of the year. This is helpful in determining that the 5% is not exceeded. Trusts and foundations are also often used to take full advantage of current deductions but with the funds to be spent later. Another tax benefit often overlooked by taxpayers is that contributions may be made in property, the value of which has enhanced above the cost basis to the taxpayer. In these cases the taxpayer may claim deduction for the fair market value of the property, although such excess over the cost basis will not result in taxable income.

Allowed If Paid Within 2½ Months

Over the past two years all of the revenue acts passed by Congress have been retroactive as to rates and other provisions affecting computation of income taxes on corporate profits. This habit of Congress to make revenue acts retroactive has caused corporations and their accountants many headaches. During all of the months Congress is debating on the provisions of these acts, accountants for corporations must compute current tax provisions strictly on the basis of guess work. Since excess profits taxes started, there may be a substantial difference between guessing wrong or right.

The Revenue Act of 1950 was passed on September 23, 1950, and retroactive for the most part to Jan. 1, 1950. The 1950 excess profits tax act was passed on Jan. 3, 1951, and made retroactive to July 1, 1950. The 1951 Revenue Act was enacted on Oct. 20, 1951, and was retroactive to April 1, 1951, although many of its provisions affect prior periods as well. This made it necessary for a corporation with a fiscal year ended on April 30 or May 31 to compute its tax for the past year under three different laws, all passed after it started its fiscal year. You can better understand the problems of such a situation when you realize that regulations covering the 1950 Excess Profits Act were issued in March and September of 1951.

Must Pay Faster Over Next Five Years

Financial problems may result for some corporations by the provision in the Revenue Act of 1950 by which corporations are required to pay their tax bill faster each year over the next five years. It provided for each of the first two quarterly payments for the 1950 year to be at 30% and the last two at 20%. In

SOME CLUES TO COMPANY TAX DEDUCTIONS

The following classes of deductible expenditures, Mr. Hawk points out in the accompanying Part One of his paper on "The Effect of Taxes on Business Planning," can react to the benefit of the corporation and the community:

(1) Allowable deductions for contributions to educational, scientific and welfare activities (5 per cent of net income of corporations; up to 15 per cent for individuals).

(2) Corporation research, new product development, advertising and promotion, and pension plans.

(3) Insurance. "For the expenditure of 18c dollars no corporation can afford to be under-insured for most any kind of risk": business interruption insurance; liability policies; indemnity bonds; fire, windstorm and other casualty insurance; group policies, etc.

(4) Maximum depreciation. In some cases accelerated depreciation, use of the declining balance method of depreciation, certificates of

necessity to permit five-year amortization of emergency facilities; obsolescence factors.

(5) Charge-off of all possible bad indebtedness in high tax years. Study of possible advantages of making high risk loans in high tax years.

(6) Sale of depreciable assets.

(7) Full utilization of operating loss carry-overs.

(8) Use of "Lifo" inventory in increasing current deductions for merchandise purchases.

(9) Settlement arrangements with vendor in commitments for materials and supplies at prices in excess of the current market.

(10) Taking losses on securities sales to offset capital gains resulting from other transactions.

(11) Losses from claims for damages, infringements, etc.

(12) Interest deductions on borrowed capital, deferred repairs and maintenance, rent and leasehold expenses, amortization of bond premiums, etc.

each succeeding year the first two payments increase 5% and the last two decrease by 5%, until in the fifth year the entire tax will be payable in two instalments. Corporations will have to anticipate these annual changes in their financial planning.

Securing Maximum Deductions Vital

The securing of maximum tax deductions is extremely important for corporations at the present top rates (82% for excess profits net income).

This should encourage management to make all possible expenditures now deductible which will benefit the corporation in future years, presumably after excess profits taxes are repealed.

Examples of such expenditures are research, new product development, advertising and promotion, and pension plans. Many other expenses of this nature might be applicable in individual cases such as insurance appraisals, new cost and accounting systems, services of outside experts.

One expense which should not be

overlooked is that for insurance. For the expenditure of 18c dollars no corporation can afford to be under-insured for most any kind of a risk. Special consideration should be given to business interruption insurance, liability policies, indemnity bonds, etc. Then, of course, adequate protection should be carried for fire, windstorm and other casualty in the light of current replacement values. Group policies might also receive consideration.

Maximum depreciation is always a most attractive form of deduction in high tax years and alert management should give it the attention it deserves. Accelerated depreciation has been found very hard to get in actual practice because of the burden of proof placed on the taxpayer to prove that the useful life has actually been shortened by the increased use. Nevertheless, there may be cases where it can be justified.

Use of the declining balance method of depreciation may also

(Continued on page 20)

Legal Rulings and Opinions

Microfilms Legal Records

H. R. 4106, passed by Congress, amends Section 1732 of Title 28 of the U. S. Code, and permits the microfilming of business records and their use as legal evidence in that form.

The space saving advantages of this process are indicated by the fact that a single roll of microfilm, easily held in the palm of one's hand, may contain copies of from 3,000 to 6,000 letter size pages. Originals of microfilmed documents may be destroyed in the regular course of business unless their preservation is required by law.

Priority on Tax Assigned Funds

When a bankrupt person assigns funds to another person for the benefit of creditors, does the United States have a priority on payment of interest on its tax claims from the date of filing of the assignment until payment of the taxes? The U. S. Supreme Court agreed to review two cases bearing upon this question. The Government holds that it is entitled to this interest, but an appeals court of New York state held otherwise. Many receivership cases, most of them for small money amounts, would be affected by the high court decision, according to records of the internal revenue department.

A Break for the Taxpayer

Sunday expiration of the period in which a taxpayer may file a suit for refund of taxes gives him one day of grace, according to a ruling of the Fifth Circuit Court of Appeals.

Reversing the ruling of a lower court in the case of J. R. Wilkes, the court of appeals based its decision on the federal rules of procedure. These provide that if the last day for performance of an act is a Sunday or a legal holiday, performance is timely on the next day not a Sunday or legal holiday.

New Tax Law Applied

A special provision on certain partnerships in the new tax law is thought to have guided the U. S. Supreme Court in rejection of an application for review of a case in a field covered by the new legislation. In the case, a taxpayer had been permitted to distribute a part of his capital to minor children and con-

sider them partners in his business while he retained actual control of the business as well as the income it made.

House Not "Manufactured"

No, a house is not "manufactured," at least not in common usage of the word, no matter how correct it may be verbally. The Maryland Court of Appeals so ruled, holding that materials used in building a house are not exempt from the use tax of that state as property converted for manufacture.

Exemption Denied Hospital

Exemption from real property taxes was denied a hospital which had fixed its charges so that part of its receipts would be available for expansion. The California court held that exemption from property taxes allowed charitable organizations required that the property not be used "for profit" and that the hospital's action violated this provision.

Legal Competency Factor

In a routine time sales transaction, without notice of the insanity of the maker of a note it had purchased, a bank was without recourse when the New Jersey Appellate Court ruled that the instrument was void. Under

a law of the state a mental incompetent must pay a reasonable price for "necessities" he buys. When an insane person signed a note to pay for a bar dispenser unit on a conditional sales contract, the court held the holder of the note could not recover because the item was not a necessity. The negotiable instruments law codified the common law on the point that the instrument was void.

Notice of Forged Checks

The Supreme Court of Pennsylvania found, four to three, in favor of a plaintiff depositor and against the bank, in a check forgeries case that involved whether the notice given the bank should be "timely" or "prompt." The court overruled a lower court (which in turn had overruled a jury) and held that the plaintiff need give only "timely" notice of the forgeries; the lower court had ruled that "prompt" notice was required.

The Supreme Court minority cited three principles involved: (1) when a depositor has knowledge that a bank has improperly paid out moneys in his account on forged checks, it is his duty, and the *sine qua non* of his right of recovery against the bank, to report promptly to the bank; (2) whether notice of the forgeries measures up to the required standard of promptness is for determination of the court as a matter of law, not the jury; and (3) the failure of the depositor to give prompt notice absolves the bank of all liability.



NATIONAL AND LOCAL association officers talk it over with Senator William E. Jenner, at the Illinois Regional. Standing (l to r) are N.A.C.M. Vice President Victor C. Eggerding, general credit manager, Gaylord Container Corp., St. Louis; Arthur L. Jones, assistant treasurer and general credit manager, Armour & Co., and N.A.C.M. director; E. A. Luther, general manager, National Surety Corp., and treasurer of the Chicago Association of Credit Men; and Earl E. Diehl, manager, treasury division, Westinghouse Electric Corp., and Chicago Association second vice president. Seated: W. J. Gielen, general credit manager, Hilton Hotels Corp., and Chicago association first vice president; Senator Jenner, and D. A. Grant, credit manager, Socony-Vacuum Oil Co., and president of the Chicago association.

Tax No Excuse for Extravagance

WASTE TODAY, REPENT TOMORROW

Must Conserve for Own Growth

WASTE, the most demoralizing influence on conservative business management, will be promoted by the new federal tax law, but "there is little justification for resorting to extravagant practices" despite the fact that in some cases the Government will take as much as three-fourths of company earnings, Henry H. Heimann, executive vice president of the National Association of Credit Men, told the Fourth National Credit Conference of the American Bankers Association, in Chicago.

"When the preparedness era is ended, anyone now resorting to extravagances because the Government is taking so much money will find that it is one thing to engage in these practices when orders are really thrown at our front doors and quite another thing when we have to go out and fight for business," Mr. Heimann said.

Bank credit executives, the speaker suggested, "should carefully scrutinize the management ability of their customers even more closely than in normal times. There are men of middle age now holding high positions in management who have never experienced the severe competition of normal times.

"Business in general is now producing at a high rate, sales are ahead of or even with last year, but net



HENRY H. HEIMANN (right), executive vice president of the National Association of Credit Men, receiving from President Lorne D. Duncan the silver tray presented by the board of directors, at its meeting in Chicago, "in commemoration of his more than 20 years of outstanding service." The tray bears signatures of 140 present and past officers and directors.

earnings have been reported as lower. If profits are lower on such a tremendous volume, what will happen when sales decline?

"Bank and commercial credit executives should begin at once to check on such items as tax accruals and reserves as shown in the operating statements submitted by their customers."

Mr. Heimann, charging that the new law "makes 'sharecroppers' out of those engaged in business because a heavy portion of the results of their efforts must be paid to the Government in cash," cited a number of areas in which the new taxes

will have deleterious effects—on building up reserve, discouraging new businesses and expansion of others, increasing borrowings from banks, limiting contributions to charity and education, impairing retirement funds, and transferring purchasing power to Government.

"If business must hand over 70 cents in cash to the Government out of every dollar earned," the speaker said, "it cannot build up sufficient reserve to maintain its equipment, expand its plants or maintain its progress in the industry it serves. Business will find it increasingly difficult to obtain equity capital.

"Business will have to conserve what little reserve it has for its own growth. If there is a substantial interest in the company by management, it is to its interest to keep the earnings in the business rather than distribute them for the benefit of Government. Of necessity, some dividends must be paid; but they will be more conservative, and consequently business will be less apt to get new capital from those possessed of surplus funds.

"Here again is a design, intentional or accidental, to force funds into Government obligations to underwrite deficits or to carry forward the welfare state.

"Certainly there will be fewer businesses launched in the future. Why should a man risk his hard-earned savings in a business merely to work for the benefit of the Government?" And in the area of the company netting under \$25,000, "why should a business making around this figure seek to expand and make more?"

Noting that the bank loans of business already are tremendous, Mr. Heimann asked, "How can they help but grow when there are inadequate sums of money left after the Government taxes are paid for the average progressive business to finance itself?"

The speaker called attention to
(Concluded on page 18)

The voluntary credit restraint program has had a salutary effect on bankers' lending activities. This is the consensus of replies from a questionnaire sent 100 bankers, the A.B.A. credit conference was told. Customers generally were reported to be cooperating by postponing non-essential projects.

Bankers recognize the importance of taxes and the price level on demand for credit, with extension and liquidation of credit reflecting the varying effects of the defense program in different areas but a steadily mounting overall amount of loans for defense purposes.

These and additional highlights of other addresses at the Conference will be presented in the March issue.

Conditions Change but Fundamentals Endure in

TRAINING FOR MANAGEMENT

BY H. P. MACDONALD

Assistant Treasurer
Westinghouse Electric Corporation

CHANGING economic conditions require changing attitudes and policies—but never any change in the fundamentals of credit training and practice. That holds true for old as well as new personnel—and we are all in training, no matter how long we have engaged in the credit business, even if our training is not of the classroom type. However, this is the story of the Westinghouse training program for new credit employees.

Of perhaps first importance is the selection of personnel. Certain characteristics, traits and schooling simplify the job. There must be intelligence, evidence of good character and the possibility of developing sound judgment. The training must then be aimed at the particular job for which the student is intended.

In selection we work through our educational department, which in turn keeps in close contact with universities and colleges. Through interviews it selects students interested in Westinghouse and possessing qualifications Westinghouse can use. The students usually express their preference as to the desired activity—such as treasury, engineering, sales, accounting, etc. The names and background of those indicating an interest in the treasury department are referred to us and personal interviews arranged.

The student then is entered in the Westinghouse training course, which all must take regardless of the type of work to which they eventually will be assigned. That course is seven to nine months and covers a multitude of subjects designed to familiarize the student with Westinghouse organization, products, plants, policies, etc. While the basic training is the same for all students, there is some variation in a few of the scheduled subjects. The schedule for an engineering student would differ somewhat from that of a sales student—and that for a prospective



Most valuable to a company is the executive, or potential executive, who has been indoctrinated in the fundamental principles and procedures of other departments as well as his own. That is the foundation upon which the Westinghouse Electric Corporation has constructed its training program at the home office in Pittsburgh. All students must take the entire course, regardless of the field for which they are being fitted. In a few subjects there is variation for departmental specialization, but the basic training is identical for all. The left hand does know what the right hand is doing at Westinghouse, and company and individual are the better for it.

treasury student would differ from both.

The following is an outline of the subjects covered by the basic training program.

Orientation (one week)

This period is devoted to explaining overall company operations and the training program. Shop tours are taken through such locations as the Trafford foundry and Micarta division, high-voltage laboratory, transportation and generation division, switchgear, and the Homewood M. & R. shop.

Production Planning & Control (East Pittsburgh Div.) (Four Weeks)

This assignment provides first-hand experience in processing of customers' orders. The student starts in the division production office where the supervisor of production explains. Then several days are spent in such activities as the production planning group, engineering production, order service, manufacturing information, and inventory control.

He learns Westinghouse terminology and spends at least two weeks in shop sections; usually a feeder activity for parts manufacture, then to an assembly section. He checks on tool and physical manufacture and expedites the flow of parts. Thus he learns the many troubles that beset the production man and sees the necessity for inter-departmental cooperation.

Educational Center Product Engineering School (Six Weeks)

The product engineering school consists of a series of lectures and question periods on the major product lines. Following a sales introduc-

tion (usually by the sales manager of the division) comes a technical discussion of design and application of the equipment.

The sales representative discusses ratings and physical sizes, similar apparatus, competitors, and type of product sold in greatest volume.

The engineering representative discusses the theory of operation significant design details, and the various standards with which the equipment must conform (N.E.M.A., A.I.E.E., A.S.M.E., etc.). He discusses manufacturing methods, factory

FROM THESE

(Ratio analysis of financial statements is a "Must" for Westinghouse students. Here are the "ingredients". On the opposite page are the ratios for them to work out.)

Cash and Marketable Securities
Notes and Accts. Rec. (Less Res.)
Liquid Assets

Inventories—(Less Reserves)
Current Assets

Less Current Liabilities
Working Capital

Physical Fixed Assets
Invest. & Other Tangible Fixed Assets
Assets
Total Fixed Assets

Less Long-term Debt
Net Equity in Fixed Assets

Tangible Net Worth
Intangible Assets—Net
Net Worth per Balance Sheet Represented by—
Common Stock
Preferred Stock
Surplus

Total Debt

Sales Billed

Net Income

Dividends Paid

tests, and current development work. Reference books prepared by the divisions are given the student in advance.

An oral question and answer session follows the lectures. The group (160 to 180 men) is divided into sections of 35 to 40 for oral recitation. The answers are graded. At the end of each week a short objective type of quiz is given.

Sales School (6 Weeks)

During the sales school, the student receives information to permit him to apply and price electrical equipment from all divisions excepting elevator, lamp, Sturtevant, and x-ray. He learns of the organization of the sales department and the various arms of service, such as purchasing, treasury, district engineering and service, advertising, and sales promotion. There are exercises in letter writing, dictaphone and telephone techniques and others. Plant trips are made to Beaver, Sharon, Nuttall, East Pittsburgh, and Derry.

Each student must prepare five three-minute sales technique talks using a Westinghouse product as a prop. At each session is a critic.



SUNBATHING at their desks is set up for personnel of the Westinghouse Electric Corporation's Northwestern District in the Merchandise Mart offices in Chicago. The 220 or more overhead sunlamps (see cross lights above) give the equivalent of 15 minutes of summer sun in the eight-hour day.

These critics consist of men from our district office, purchasing department, and industry sales group. Two of these talks, on customer benefits, are given before the student group. The other three are given to an individual representing the purchasing agent.

The choice of critics for these sales technique talks is made to give the individual the different lines of thinking of persons in various jobs. Thus he learns varied techniques of selling.

The purpose of all this training is to broaden the students' knowledge of Westinghouse history and organization, both Corporate and Departmental, and to learn the functions and products of our various Plants, Divisions and Departments. This knowledge is essential to efficient handling of Credit and Collection problems.

Treasury Subjects

Each treasury student is scheduled for certain segregated subjects having specific application to treasury activities; for example, invoicing, claims, accounts receivable, and district and headquarters treasury operations.

In a business as complex as ours, it is important to know our plants and locations, the products of each, whom to contact and approximate manufacturing schedules for various types of equipment. There is considerable difference, credit-wise, in considering an order for shelf stock which can be shipped immediately and one for heavy equipment which cannot be shipped for many months. Also, the credit problem differs where the equipment is of standard manufacture and perhaps can be disposed of elsewhere if the customer

fails to take it—or is special in design and has no resale value except to the customer originally ordering it. These things make some knowledge of products and their general characteristics essential to good credit work.

Specific credit training is accomplished in our headquarters treasury department. Here are some of the subjects covered:

- (1) Departmental organization;
- (2) Source of credit information;
- (3) Financial statement analysis;
- (4) Evaluation of credit data;
- (5) Terms of payment;
- (6) Collection tools and procedure, plus a thorough grounding in credit policies and procedures.

Departmental Organization includes a study of the functions of the three divisions of our treasury department, the tie-in between district treasury departments and headquarters, and the duties and responsibilities of each.

The various sources of credit information, such as credit associations, mercantile agency reports, and bank and trade references, are outlined. From actual reports the student familiarizes himself with their form and content, learning what to look for in checking a risk and the available sources of information.

Considerable stress is placed on ratio analysis of financial statements. We use a standard form of analysis and the student is thoroughly schooled in it—spending considerable time in actual purification of statements, classification of asset and liability items, and preparation of the selected ratios. (See boxes on this and the opposite page.)

Next he is schooled in analysis
(Concluded on page 29)

TO THESE

(Preparation of selected ratios follows purification of statements and classification of asset and liability items. A standard form is used in the classwork.)

CURRENT RATIOS

Liquid Assets to Current Liabilities (ratio)
Current Assets to Current Liabilities (ratio)
Average Age Receivable (days)
Average Age Inventories (days)
Average Age Conversion (days)
Average Age Current Liabilities (days)
Average Age Working Capital In Use (days)
Inventory to Working Capital (%)
Current Liabilities to Tangible Net Worth (%)

CAPITAL RATIOS

Total Debt to Tangible Net Worth (%)
Total Fixed Assets to Tangible Net Worth (%)
Long-term Debt to Working Capital (%)

OPERATING RATIOS

Sales Volume—Actual (\$)
Sales Volume—Actual Safety Maximum (\$)
Sales Volume—Normal Safety Maximum (\$)
Net Income to Tangible Net Worth (\$)
Net Income to Working Capital (\$)
Net Income to Sales Billed (\$)



AMONG THOSE who handled arrangements for the Ohio Regional Valley Credit Conference in Cleveland, seated (l to r): F. J. Bitterman, Eberhard Manufacturing Co. Division of Eastern Malleable Iron Co., Cleveland association president; Walter N. Lawson, The Medusa Portland Cement Co., Conference general chairman and an association director; T. R. Bacon, The Apex Electrical Manufacturing Co., association director; standing: E. B. Gausby, The Warner & Swasey Co., past president and advisory committee member; Lillian Murphy, assistant secretary; A. C. Philip, Consolidated Iron-Steel Manufacturing Co., association director; Mae McCafferty, The National Screw & Wire Co., director; T. W. Green, Firestone Tire and Rubber Co., director; and D. S. Clarke, Central National Bank of Cleveland, director.

NO EXCUSE FOR WASTE

(Continued from page 15)

the socialistic nature of the tax law, and posed these questions:

"What is private charity going to do in the future for its funds? Will the average individual have enough left to continue his contributions?"

"In the field of education, where will you find the heavy donations from individuals or from businesses? They just won't have it to give. The result will be that education will have to go to Washington to try to get back some of the tax money that has been collected from their former benefactors.

"As to the standard of living, how can people maintain their way of life with so heavy a tax load? If increases are given them in wages and salaries, they in turn bring about an inflationary spiral that in time will again have its full impact on their standard of life.

"Why should people continue to save money when the tax law in itself will force an inflationary program? The thought that taxation destroys purchasing power is true only as it affects individu-

als. What it actually does is to transfer purchasing power to a centralized government.

"The states and their political subdivisions have deferred projects for years, and now they will have to begin to do some necessary work. In the field of highways, for example, we are 'way behind schedule. This will mean the issuance of tax-exempt bonds, and you can rest assured that these bonds will be in great demand. In fact, it is not inconceivable that the demand will be so heavy that a great many will be made available at low rates. Cities and states thus may spend more than is necessary.

"What is a person to do if he wants to set aside a retirement fund for his later years? With a dollar declining in its purchasing power and apt to continue doing so, what chance has he to be certain that his savings for a rainy day may not vanish before the rain falls?

"Why shouldn't people who have accumulated what they feel is sufficient to carry them along in their way of life decide to retire and not chase an elusive rainbow of security? Certainly if they look at it realistically, many will retire much earlier; and as a consequence, their services will be lost and their productive efforts will be liquidated by the tax bill."

Warning that the peak tax bill threatens "the entire course of American industry and the Ameri-

"I place economy among the first and most important virtues, and public debt as the greatest of dangers to be feared."

—Thomas Jefferson

can way of life," Mr. Heimann declared that "the tragedy of it all" is that "some intelligent energy" was not devoted to realistic recognition of the problems of defense and European and world aid and true analysis of appropriation bills to "keep them within bounds." If such attentions had been given, he said, the country "would not have needed the highest tax bill in the history of the nation."

What to do? "Contact our representatives in Congress and let them know that we are no longer ready to blindly accept any program merely because it has 'MUST' stamped on it. There will be plenty of voters who will enroll in a peaceful tax revolution.

"No power on earth can convince the average man or woman that he was born into this world to work the greater part of his life in support of an extravagant and prodigal government. His family relationship and responsibility he knows come first. It is the one relationship that transcends in its importance even the forces of a government irrespective of how much he may love it and be willing to work for it.

"It was said in 1933 we had to 'drive the money changers out of the temple.' After twenty years, we face a more difficult and important job. Let us drive the tax hogs to slaughter."

DUNCAN (Begun on p. 11)

Chamber of Commerce of the United States: "Price controls have only worked in the face of strong inflationary pressures. Today the pressures are off and there certainly is no need for them. A balanced federal budget can keep prices in line. Even if prices should start to rise again, a courageous Administration could use the powers it now has to stop inflation by cutting less essential spending, taxing enough to cover necessary expenditures."

What the second session of the 82nd Congress will do about the present confusion and uncertainties about these controls is the cause of still more hesitancy by business leaders.

As you read the above statements you may say, "That man Duncan is a pessimist." My reply is that my long experience in credits has taught me the need to face facts. No, I am not a pessimist, for I firmly believe that American industry, if not hamstrung by Government interference, is quite competent to meet its problems as they arise and to continue its solid progress.

TRENDS — —

IN BUSINESS AND FINANCE

Golden Egg Isn't Self-Made

ANOTHER ROUND of wage increases in the inflation bout and corporations will need the smelling salts of higher prices or will be forced toward the ropes of further reductions of profits in the face of record earnings. That in turn means smaller dividends and less company reserve for expansion and re-equipping. Furthermore, with or without strikes, there's a diminishing return threat to the Government pocketbook, too.

Rationing of Oil Improbable

INCREASED OIL consumption this year is likely to be at a much slower rate than last, and oil rationing is not probable, C. L. Burrill of the Petroleum Administration for Defense told the American Petroleum Institute. By the second half of the year the effects of the difficulties in Iran "will either disappear or become relatively minor" in this country, he felt, and predicted a continuing drop in the production of autos and oil burners. Mr. Burrill said the defense effort already had exerted most of the expected stimuli to business level.

Short Sight on Public Relations

IS MANAGEMENT FAILING to use its opportunities to educate the public in the fundamentals of economy, as organized labor is doing? Joseph T. Johnson of Milwaukee, Wis., new president of the Investment Bankers Association of America, says that his "industry would stand higher in public esteem today if, during the past generation, or even in the last 10 or 20 years, we had steadfastly pursued an intelligent and comprehensive program of informing the public about our business."

Volume and Profits Drop

FOUR ELEMENTS in a trend toward gradual reduction of business volume and profits, reported by the business survey committee of the Purchasing Agents Association of Chicago in its analysis for November, included reduced inventory backlogs, speedier deliveries, lower inventories and a continuing slow reduction of numbers of payrolls.

Against the 25 per cent of association members calling business conditions worse, there were 14 per cent who termed them brighter but the latter group was less than half the total so reporting a year earlier and the smallest in two years. The small-

er inventory reports grew from 18 per cent in June to 34 per cent in November, and there were more purchasing agent reports of lower backlog than for any month in two years. Companies showing fewer employees rose from 9 per cent in May to 17 per cent. The number reporting faster deliveries was double that of the preceding month.

On the other hand, the Federal Reserve Bank of Chicago in its December review predicted the high level of business will be maintained in early 1952 though inflationary influences will get back into the picture later in the year. One deterrent of the latter would be the continuation of the top rate of saving.

Business activity, in dollars, made

Woman to credit manager: I imagine the reason he hasn't kept up the payments is that he doesn't know I bought it yet.

—Collier's.

only a moderate increase in 1951, the Reserve Bank reports, and in non-dollar terms (industrial production, employment and the like) there was little change over the year though the annual averages exceeded the previous year.

There will be at least some price rises this year under inflationary pressure, as Government controls gradually give ground and costs rise, the Bank stated.

The Institute of Life Insurance also forecast inflationary forces will predominate this year, on the basis of a poll of 28 economists in business, banking, education, and Government.

Lose China—Lose U.S. Security

"I'M NOT GOING to walk out on the United States because I'm disgusted with the graft and corruption and incompetence that exists in Washington," Congressman Walter H. Judd told members of the Credit Managers Association of Northern and Central California. "I'm going to stay with it."

"You've got to break China away from Russia or there's no security of the United States . . . Prevent the development of their (the Communists') side, strengthen ourselves and our friends and allies in the world. If we do these things I think the tide can be turned back."

When Is Politics Not Politics?

"How NON-POLITICAL can you get?" asks *Industrial Marketing* in comment on the occasional objections of readers that business editors should "stick to their vocational knitting." The difficulty with that, says the writer, is that "emergency" has become "normal," that "Government, which means politics," makes most of the basic decisions, and that "Government controls of business tend to remain after the emergency has passed."

Hence, "the business editor who lives up to his responsibilities can hardly fail to discuss subjects which might be called political," and "a clear statement of the problems they present, offered without partisan bias or prejudice, should be helpful to the readers of almost every trade or industrial publication."

Decentralizing Is Gradual

NEW PRODUCTS are developed and demand for the old disappears, but "such changes do not take place overnight," P. D. Converse, professor of marketing at the University of Illinois, writes in *Current Economic Comment*, quarterly publication of the Bureau of Economic and Business Research of the university's College of Commerce.

Changes in marketing methods accompany product changes, Professor Converse says, noting three directions of retail decentralizing: (1) continued growth of outlying shopping districts; (2) supermarket and "individual" stores with their own parking lots outside shopping areas, and (3) establishment of shopping centers, "which sell both convenience and fashion goods, on undeveloped land near residential areas."

Paralleling Shakespeare's seven stages of man's life, Professor Converse lists these six in the life of most products:

(1) The idea is conceived and experimental work performed; (2) a pilot plant is built; (3) commercial production starts and the product is introduced; (4) the product is generally accepted and production and sales increase; (5) competitors increase and the rate of profits declines; (6) demand drops and the product gradually goes out of use.

Ernest A. Rovelstad



PRESIDENTS of four associations in the Northwest Council of Credit Men (Lewiston, Idaho; Portland, Ore.; Seattle and Tacoma, Wash.). Left to right: Robert A. Somerville, Erb Hardware Co., Lewiston Wholesale Credit Men's Association; A. J. Zatkovich, Harold E. Dabl Co., Tacoma Association of Credit Men; Gordon C. Holden, Zellerbach Paper Co., Seattle Association of Credit Men; and K. A. Kessler, J. E. Hazeltine Co., Portland Association of Credit Men.

BUSINESS PLANNING

(Continued from page 13)

prove beneficial in some cases by permitting a larger deduction than normal in the early years of useful life. Certificates of necessity to permit five-year amortization of emergency facilities also offer long-range advantages to corporations in some cases. The present law is not nearly as advantageous to taxpayers as the one during the last war but it still permits much higher than normal write-offs of the new facilities acquired.

The obsolescence factor should also be given careful consideration to determine whether or not it has been properly weighted in setting the annual rates of charge-off of plant and equipment. Technological advances often make previous methods inadequate, thus necessitating new equipment. This creates a situation where obsolescence write-offs may be made. The advantages of maximum deductions for depreciation and obsolescence justify a detailed review of plant records to see that all possible write-offs are being obtained during these high tax rate years.

It is also important to charge off all possible bad debt losses during the high tax rate years. Many taxpayers fail to take advantage of their right to take partial bad debt losses.

In order to qualify for this deduction the taxpayer must make actual write-off within the taxable year in which the deduction is taken, at least to the extent of the deduction. He must also be able to prove to the Internal Revenue Department that

the portion charged off was actually uncollectible. Bad debts covering advances to controlled or affiliated companies can sometimes be created by the liquidation of the debtor in order to establish the loss.

A change to the reserve method of accounting for bad debts may also be desirable, although it is necessary to secure permission from the Commissioner before such a change may be made.

Generally speaking, good tax planning requires that all debts be continually scrutinized to see that realized bad debt losses are taken in the high rate years if possible. This same principle may also apply to special high risk loans which management might consider making. If it appears that the loss can be taken, if the venture proves unsuccessful, within the excess profits tax years, the net loss would necessarily be greatly curtailed.

SHADE OF BEN FRANKLIN!

When Benjamin Franklin in 1789 remarked, "In this world nothing can be said to be certain but death and taxes," he said an income-tax-blank-full.

In America's first 156 years, from 1789 to June 30, 1945, the Government collected in taxes \$257,446,893,487. In six years of President Truman's occupancy of the White House the total collected was over \$260,000,000,000, more than under all the presidents since Washington and enough to provide an \$8,668 home for each five persons.

The sale of depreciable assets used in the trade or business at a loss results in a full deduction from excess profits tax net income as well as normal and surtax net income. Therefore, it may be advisable to sell such assets not now needed in order to get the substantial tax benefit which would result from such a loss.

Sale of Depreciable Assets Deductible

If some of the assets being sold would result in a profit and others in a loss, it might be wise to delay the profit sales until next year so that the entire loss could be taken this year, while the gains delayed until next year could be treated as capital gains under Section 117 (j) instead of being offset against this year's losses. This could result in the difference between a 77% to 82% tax rate this year as against a 26% rate next year.

Every corporation should be extremely careful to see that it makes full use of operating loss carry-overs.

In this connection, the 1951 Act included an amendment permitting all taxpayers to carry forward net operating losses for 1948 and 1949 for three years instead of two as formerly. It also permits new corporations (beginning business after December 31, 1945) to carry a 1947 net operating loss forward for three years instead of two. This opens the door to possible refund claims for 1950 returns already filed. It is obvious that 1948 and 1949 operating loss carry-over possibilities should be examined before the 1951 and 1952 returns are filed.

One point sometimes overlooked by taxpayers is that net operating loss carry-overs are only applicable to tax years. Thus, changes of fiscal year can have a serious effect on the application of net operating loss deductions. We recently encountered a case where a substantial net operating loss carry-over was lost because a taxpayer changed his fiscal year from May 31 to June 30, thus creating a tax year of one month. Available net operating loss carry-overs should also be examined before corporations are liquidated or merged to be sure that they are not lost.

Wage Stabilization Violations Costly

Any discussion of tax deductions would not be complete without mention of the possibility of lost deductions resulting from wage and salary stabilization violations. The provision of disallowance of the entire wage or salary paid to any employee in

FALLACY OF HIGH TAXERS

The fallacy of the argument of Administration spokesmen, and the Twentieth Century Fund (private research foundation), that high taxes are the best cure for inflation "lies in the fact that the Government spends the money as fast as it gets it, if not faster, so there has been no reduction of excess purchasing power," says J. A. Hawk, tax specialist. "The Government is competing in the markets with private industry in the spending of the money, thus aggravating price inflation."

One possibility of preventing further skyrocketing of taxes, he says, lies in the move to repeal the 16th Amendment and substitute one limiting income, estate and gift taxes to 25 per cent of income except in time of war. This relief move, though legislatively indorsed to date by 25 states, seems unlikely within some years to come, if ever, Mr. Hawk feels; therefore, the problem of keeping at a minimum the taxes of corporations, as well as other business organizations, is "that of tax-conscious management."

violation of the regulations is a potential tax penalty of substantial proportions.

The so-called "lifo" inventory method has been used by many taxpayers to considerable advantage in increasing current deductions for merchandise purchases.

Although the tax advantage of this was probably greater a few years back, when the price level was lower, it still might prove advantageous to switch to the "lifo" method in some cases. This might be particularly true in the case of a new corporation which had acquired inventory at bargain prices. The 1951 Act extends further relief to taxpayers using the "lifo" method if because of merchandise shortage conditions they were unable to replace inventories which were liquidated in the taxable year.

All other forms of losses should be carefully reviewed to see whether or not any are available in current high tax rate years. For instance, commitments for materials and supplies at prices in excess of the current market can be reduced to realized losses by settlement arrangements with the vendor. This would create a current deduction as compared to a future deduction. Losses might also be realized from

(Concluded on following page)

That's putting it mildly

Clipped from recent issue of a leading business magazine

... in the future of la...
 permit its payout rate to rise much above its recent levels.
 For one thing it must continue to plow back a huge amount of earnings to finance its still enormous capital expenditures. It needs more working funds, too, to carry swollen inventories and receivables. And in the first half of next year it is going to have to accumulate enough cash to take care of 70% of its heavy 1951 federal tax bill.
 • **Not Too Flush**—At the moment, too, business generally isn't too flush with cash resources. While corporate working capital has been rising to one new historic high after another, liquidity ratios for some months have been showing a disturbing downtrend because costs and taxes are rising even faster.

Actually many manufacturers are at a point where maximum efficiency and peak production are threatened by working capital deficiencies

What to do about it

IN 1951 hundreds of additional companies turned to the COMMERCIAL CREDIT method of supplementing working capital. Currently, American manufacturers and wholesalers are using COMMERCIAL CREDIT funds for working capital purposes at the rate of HALF A BILLION DOLLARS ANNUALLY.

If your borrowing facilities are inadequate now . . . or if you cannot be sure they will continue as long as needed . . . or if there is doubt that present sources will supply additional funds you ex-

pect to need . . . we invite you to get in touch with us now.

COMMERCIAL CREDIT's method is easily adaptable whether your need is for thousands or millions and whether for 10 weeks, 10 months or years. It makes no difference where you are located in the U. S. COMMERCIAL CREDIT funds are usually available within three to five days from first contact. Only one reasonable charge (tax deductible). No dilution of ownership, management, profits. No long-term interest or dividend commitments.

Write, wire or phone the nearest COMMERCIAL CREDIT CORPORATION office below. Just say, "Tell me more about the method referred to in *Credit and Financial Management*." Complete facts about how we believe our working capital method can contribute to your progress and profit will reach you promptly.

Capital and Surplus Over \$100,000,000

COMMERCIAL CREDIT COMPANY

BALTIMORE 2, MARYLAND

COMMERCIAL FINANCING DIVISIONS: Baltimore 1 ■ New York 17
 Chicago 6 ■ Los Angeles 14 ■ San Francisco 6 . . . and other financing
 offices in principal cities of the United States and Canada.



MEMBERS and their ladies of the Jacksonville (Fla.) Association of Credit Men gather for their annual meeting. Guy B. Dodd, Florida Motor Service, Inc., was elected president; John W. Loos, Foremost Dairies, Inc., first vice president; L. K. Miller, G. Fetter Puthuff Co., second vice president; Charles C. Space, Atlantic National Bank, treasurer; G. J. Brown, General Electric Supply Corp., councillor. A. H. Dunlop was reelected secretary-manager.

SOUND TAX PLANNING

(Concluded from page 21)

abandonment of assets or by the razing of buildings which no longer have any real value for the taxpayer.

Losses Taken on Security Transactions

Losses may also be taken on security transactions which may prove beneficial tax-wise. A corporation can sell securities at a loss to offset capital gains resulting from other transactions, although the ordinary corporation cannot use capital losses from the sale of securities except to offset capital gains. However, unused capital losses may be carried forward for five years. Special classes of taxpayers, such as banks and security dealers, may secure substantial tax relief by selling securities at a loss and replacing them with some different investment. It should be remembered that worthless securities owned in an affiliated corporation are fully deductible if worthlessness is established by liquidation.

Losses from claims for damages, infringements, etc., should also be considered for their deduction value. It may be that a poor settlement of such claims in a high tax year may prove more beneficial than a good court case settlement in a lower tax rate year.

There are many other types of

deductions which should also receive careful consideration, such as interest deductions on borrowed capital, deferred repairs and maintenance, rent and leasehold expenses, amortization of bond premium, and other items which might be applicable in particular cases. The knowledge of those items which are deductible, and those which are not, is extremely important. A careful review of potential deductions in relation to the probable effective tax rate should be made periodically by every corporate taxpayer.

(Next month Mr. Hawk discusses minimizing taxable income and the provisions of the excess profits taxes.)

Betraying Business Confidence Prompts Program for Reform

We hear frequent complaints of decadence of moral and ethical standards, not only from the political rostrums—and in that sector it's only the beginning, folks, with a national election year already spawning. When, however, betrayals of business confidences are evinced, there is a matter for the concern of management as well as credit men, in their own bailiwicks.

Secretary William H. Whitney of the New Jersey Association of Credit Men reports an increase in the number of complaints of instances in which one creditor violates the confidence of another by informing the debtor customer of the name of the creditor who gave the information, as well as the details—and, Mr. Whitney adds, "usually derogatory information."

A three-way program has been initiated by the New Jersey organization to put a stop to this practice.

Credit manager, interviewing applicant: "You ask high wages for a man with no experience."

Applicant: "Well, it's so much harder work when you don't know anything about it."

Instructors in the local association's educational courses were urged to help in two ways: to emphasize that all companies and banks keep confidential the names of those from whom they receive credit data, and to give more time to explaining the importance of the Canons of Commercial Ethics adopted by the N.A.C.M. The local organization also undertook the expense of distributing copies of the Canons "with the hope that it will be read by not only the credit manager but also by everyone in the firm or bank who should know and be guided by these fundamental rules of good business."

Noting that the credit manager of one company had arranged with the top management to keep under lock and key the files of credit information, Mr. Whitney observed parenthetically that salesmen should not have access to either derogatory credit data on customers or the source.

Possibility of Mistaken Identity

Divulging such information is bad business, *per se*, but there is the additional possibility that there has been an error somewhere along the line; such as mistaken identity. Example:

"Last month one of our members reported that a certain customer had given a check which was returned by the bank because of insufficient funds. This information was reported to all members of the industry credit group. That customer was advised by someone that our member had reported the bad check. It then developed that our member had made a mistake. They had confused the account with another account with a very similar name. Our member promptly notified all members of the error.

"It was a bad mistake on the part of our member, but it was both a stupid and a vicious act by the person who told the customer that our member had reported the bad check. If that person is a member of our association, we would greatly appreciate it if he would resign. He does not deserve the cooperation of other members in the exchange of credit information."

He that hath ears let him hear.

"We know a fellow who made it home from the west coast last week in slightly less than two whole days of steady driving. He wasn't trying to set a record but to cover a check he wrote in Los Angeles a few minutes before his departure."

—Chanute (Kans.) Tribune

PROBLEM (Begun on p. 10)

Another valuable source of assistance to us in handling the case was the secretary-manager of the Wichita Association of Credit Men, Inc., who advised us on procedure.

For us, the experience showed that endless patience, persuasiveness and a spirit of helpful friendliness can win through. And we needed an arsenal of each. At first we tried to impress upon the companies that there was enough business in the territory for both, and that the best way to get it was to serve their customers in the best manner possible. Nevertheless they continued to attempt to steal the business from each other, "A" with its grasping tactics, "B" with the weapon of more capital.

We practically audited their books almost month to month. We had a man on the ground for three months watching both companies. The "break" came by effecting the change of management at "B".

For jobbing firms the episode points up the truth that while competition is good for business it should be *good* competition—or they may destroy themselves by overdoing it.

3½% GROCERY PROFIT

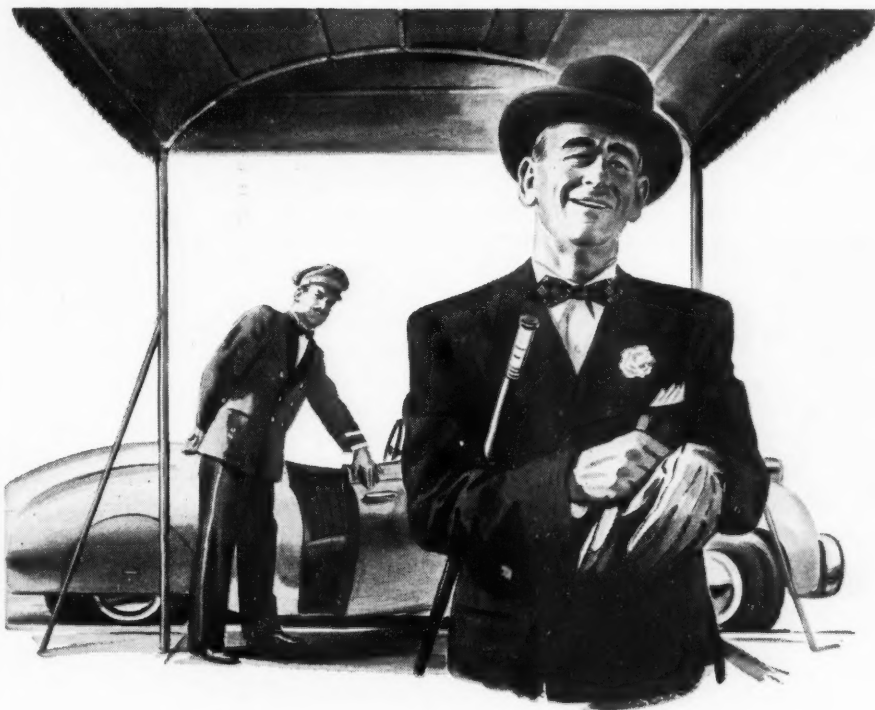
Combined net profits of grocery manufacturers and distributors were only 3½ per cent on dollar sales the first half of 1951, Paul Willis, re-elected president, informed the Grocery Manufacturers of America, at their New York meeting. The tax bill of the United States now tops its food bill—taxes of 25 grocery manufacturers totaled \$28 millions more than their profits for the period.

"Send the O.P.S. home," President G. C. Pound of Kraft Foods suggested, adding that supply and demand should be restored to their function of determining prices and that the era of "scare messages" should end—but fast.

(Picture of Credit Group p. 28)

Howard Minchin Dies

The death of Howard W. Minchin, vice president of the Requa Electrical Supply Corporation, Rochester, N.Y., ended a career of activity in both the local and national credit associations. He was a former director of National and a past president of the Rochester Association of Credit Men.



Life began at 55 for Al (—life at our expense!)

(Based on Hartford Claim 112916)

We're a retail clothier and haberdasher . . . with a good-size mail order business. Heading up this department, we had a man of 35 years service—an employee whom we trusted implicitly, of course. About three years ago, however, he developed an unsuspected taste for high life. And, with it, a system of "short-circuiting" our Billing and Cashier's Departments that enabled him to indulge this taste for three years with more than \$53,500 of *our* money. When we finally caught up to him, an unspent \$17,000 was salvaged. Our entire loss of \$53,500 was recovered by full payment to us of our \$50,000 Hartford Blanket Position Bond, plus \$3,500 of the salvaged money. We've learned that although most employees remain honest throughout their business lives, there's always the possibility that one will succumb to temptation. That's why we'll never be without an adequate Blanket Fidelity Bond.

Now about the chances of employee dishonesty in your own business . . . ?

Just *don't* take 'em. Not today when rising taxes and rising prices make it so hard for people to get by, so easy to succumb to temptation!

Protect yourself with Hartford Blanket Fidelity coverage—"Dishon-

esty Insurance" at its efficient, economical best. Your Hartford agent or your insurance broker can give you full details. Call Western Union "Operator 25" for the name and address of your local Hartford Accident and Indemnity representative, or write us for a free descriptive booklet.

Year in and year out you'll do well with the

Hartford



Hartford Fire Insurance Company • Hartford Accident and Indemnity Company
Hartford Live Stock Insurance Company • Hartford 15, Connecticut

UP THE EXECUTIVE LADDER

RICHARD W. Weiler has been appointed assistant treasurer and general credit manager, Texas Com-



pany, with headquarters in New York City. He has been with the Texas Company since 1927, serving as a service station attendant at Vincennes, Ind., then being advanced to the credit departments in Indianapolis, Chicago, Denver, and since 1946 credit manager of the New York Division. Mr. Weiler is regional vice-president of the American Petroleum Credit Association and former chairman of the Petroleum Group of the Credit Association in New York City.

NEALE BOYD has been elected treasurer of Anderson-Prichard Oil Corporation, Oklahoma City, and S. A. GARRISON controller.

GEORGE C. BRAINARD, president of Addressograph-Multigraph Corporation, was renamed chairman of the board of the Federal Reserve Bank of Cleveland.

WILLIAM BRITTON has been elected secretary-treasurer of Emerson-New Jersey, Inc., Newark.

CLARENCE V. HALE, credit manager, John Deere Plow Company, Omaha, is now a director of the Omaha Downtown Kiwanis Club.

E. J. STAUBLE, JR., transfers from credit management to sales at The Louisville Builders Supply Company. WADE S. NEWELL is the new credit manager.

C. J. CASEY is now manager of credits and collections at the Globe-Democrat Publishing Company, St. Louis, Mo.

S. H. CHELSTED, vice president, Peoples First National Bank and Trust Company, Pittsburgh, has been elected president of the Financial Public Relations Association. WILLIAM B. HALL, vice president, The Detroit Bank, Detroit, advanced from second to first vice president. L. L. MATTHEWS, president, American Trust Company, South Bend, Ind., was stepped up to second vice president, while ROD MACLEAN, as-

sistant vice president, Union Bank and Trust Company, Los Angeles, became third vice president. WILLIAM O. HEATH, vice president, Harris Trust and Savings Bank, Chicago, was reelected treasurer. PRESTON E. REED, F.P.R.A. executive vice president, continues in that post by appointment.

FRANK B. CLIFFE, treasurer, H. J. Heinz Company, Pittsburgh, Pa., has been elected vice president and chief financial officer. He is also a director of the company. C. A. BRINKMAN has been appointed treasurer, succeeding Mr. Cliffe.

GEORGE E. MYERS, formerly treasurer of Ball Brothers Company, Muncie, Ind., has been elected vice president.

FRED R. SULLIVAN has been elected vice president of the Monroe Calculating Machine Company, Orange, N. J. He will be in charge of accounting and budgetary control. DUNCAN D. RICHARDSON, vice president in charge of finance, has retired. T. R. ELSMAN succeeds Mr. Sullivan as controller.

De Vilbiss Company, Toledo, Ohio, announces the election of JOHN M. ROBINSON, vice president, finances, to the board of directors. Mr. Robinson joined De Vilbiss as treasurer in 1946, became vice president and treasurer in 1950, and last year assumed the financial vice presidency.

NOEL E. KEELER has been named vice president and treasurer of M. and M. Woodworking Company, Portland, Ore. He was formerly vice president of finances and accounting at Marathon Corporation, Menasha, Wis.

Formerly vice president and comptroller, RICHARD H. LESLIE has been advanced to vice president and treasurer by the Bank of the Manhattan Company, New York City.

United States Plywood Corporation, Detroit, Mich., announces the appointment of CHARLES C. SCHMIDT as credit manager, succeeding J. B. McLAUGHLIN, transferred to sales.

M. L. DOTY, credit manager, B. Kuppenheimer & Company, Inc., Chicago, for over thirty years, has retired.

Republic Steel Corporation, Cleveland, has announced the appointments of WILLIS B. BOYER and CLYDE L. WHITAKER as assistant treasurers. Mr. Whitaker was president of the Cleveland Association of Credit Men during 1938-1939.



C. L. WHITAKER



H. J. FRAVERT

H. J. FRAVERT has been appointed secretary and treasurer of Monarch Marking System Company, Dayton, Ohio. He was formerly controller and assistant treasurer.

International Business Machines Corporation, New York, elected ALBERT L. WILLIAMS, vice president and treasurer, to the board of directors.

ARTHUR JOSTIN has been named director of budgets for Curtiss-Wright Corporation, New York City. He joined the company's Wright Aeronautical Division in 1941.

James M. Kennedy has been named president of Revere Copper and Brass Inc., succeeding James J. Russell, advanced to chairman of the board and chief executive officer. C. Donald Dallas has retired as president but continues as a director. Mr. Kennedy has been vice president of the Rome Manufacturing Division.

H. F. Glair, general manager of manufacturing and board member of the Standard Oil Company of Indiana, has been appointed to a new post as director of purchases. J. F. Hewson continues as manager of the purchasing department. S. A. Montgomery, recently made a director, is general manager of manufacturing, and Dr. W. J. McGill has advanced to assistant general manager, as has Dr. R. C. Gunness, from manager of the research department.

A. S. Wells, named director of purchases for the Corn Products Refining Company, has been with the concern 25 years and formerly was the senior purchasing agent.

Clause That Refreshes

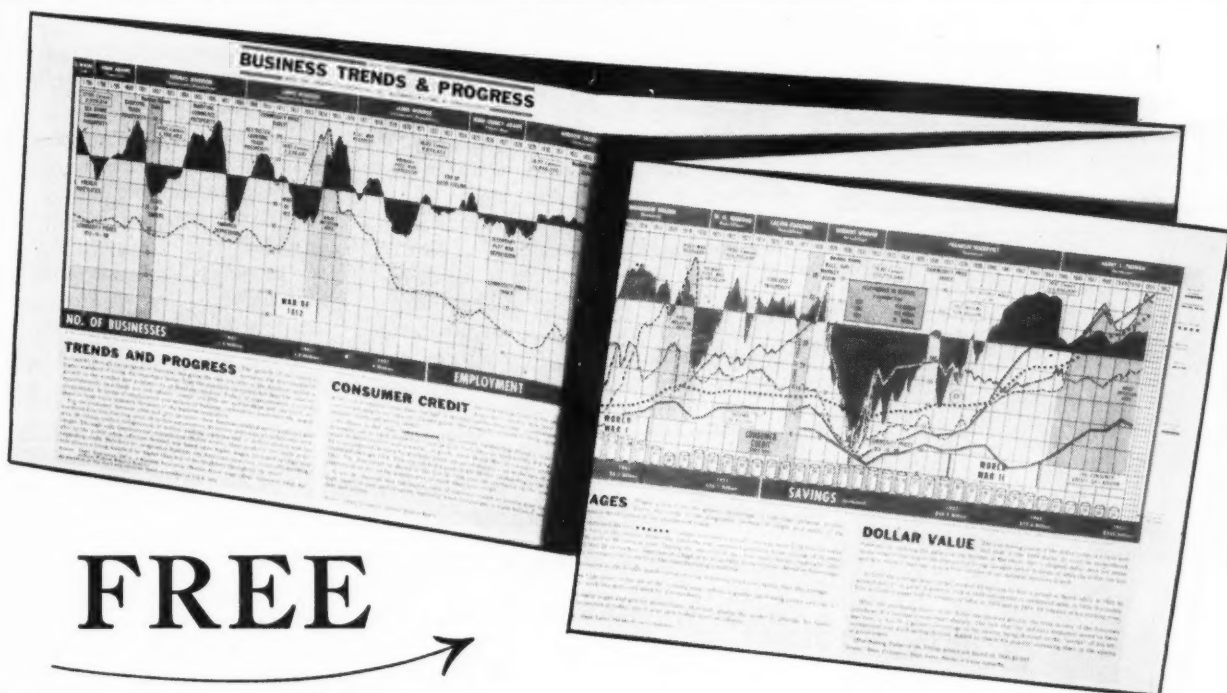
A refreshing bit of news in these days of confused thinking and performing in labor relations with management was a cooperative gesture of Local 190 of the CIO Packinghouse Workers in Detroit. Hammond Standish & Co., 90 years in operation, had closed its doors and sought receivership, attributing its difficulties to the Office of Price Stabilization ceilings imposed upon finished pork products but not on live hogs. The effect, the company complained, was to reverse a profit trend because large increases in hog prices could

not be offset in the pork charges. The company owed \$326,000 under an RFC loan and had bank financing.

Employees agreed to go without pay for two weeks, and production was resumed under what President Joseph Strobl of the company termed a "unique and common sense" arrangement, with profits to be the determinant of the fate of the nine weeks agreement. If the company showed a profit at the end of the third week, the employees would be paid for the first week; pay for the

second week was to be decided by the profit status after four weeks of operation. This system was to continue until the company could make up the difference. Company officials, from the president down, participated in the arrangement with no salary checks until profits warranted. Louis F. Davis was named to represent the company as receiver. Mr. Davis is operating manager, Detroit Association of Credit Men.

How different this episode from the so called "wildcat" strike which closed the Inland Steel plant in the Chicago area, when the union heads presented the anomalous stand of saying they were unable to control the action of the men but at the same time would respect the picket line.



FREE

176 years of business facts!

HERE are the facts you need—right at your fingertips—in American Credit Indemnity Company's newly edited, 7-color, 45-inch Business Trends and Progress Chart. Shows you business trends since 1775. It's yours for the asking. Just fill in and mail the coupon.

American Credit Insurance

**GUARANTEES PAYMENT
OF ACCOUNTS RECEIVABLE**



BUSINESS HISTORY FROM 1775 TO 1951
NATIONAL INCOME FIGURES ★ DOW-JONES STOCK AVERAGES
STOCK AND BOND PRICES ★ COST-OF-LIVING DOLLAR
BUSINESS ACTIVITY ★ COMMODITY PRICES
PERSONAL SAVINGS FIGURES ★ BUSINESS CYCLES ★ CENSUS FIGURES
POLITICAL AND ECONOMIC CHANGES AND PERIODS

Mail this coupon now for FREE Chart!

AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK
 First National Bank Building
 Baltimore 2, Maryland.

Please send me the new edition of your "Business Trends and Progress Chart."

Name

Company

Address

City Zone State

over and the importance of budgeting their overhead expense.

"We furnish them with store modernization services at very nominal cost. We stress the importance of a modern store to meet modern day competition. We find that where we are successful in getting a dealer to modernize, his sales volume has increased with the result that it has placed him in a very much better financial condition." And Mr. McKee could have added that such dealers are better credit investments and better buyers of his company's products.

And from the East Coast, F. E. Von Barga, assistant treasurer of the Corn Products Sales Company,

INDEMNITY COMPANY HEAD



AUGUST F. STONE

Besides the promotion of August F. Stone to the presidency of the American Credit Indemnity Company of New York, announced in the January issue of *CREDIT AND FINANCIAL MANAGEMENT*, the board made the following advancements:

James L. McCauley, to executive vice president; August A. Scheid, vice president, underwriting department; Walton W. Loevy, vice president; Eugene F. Kane, secretary; James H. Kienzler and Robert O. Duncan, assistant secretaries.

The new executive vice president, who was elected to the board last August, has been manager of the Maryland, District of Columbia and Virginia territory. He has been with the company since 1928.

New York City, while noting that the company's method of distribution renders impossible some of the types of service mentioned in the questionnaire, declared that "through our branch offices throughout the country we stand ready to assist any individual customer in any and every reasonable way." Corn Products does business substantially with manufacturers.

Here is an example of managerial guidance by credit men which saved a chain of stores from liquidation in the near northwest.

Brace Bennett, secretary-manager of the Minneapolis Association of Credit Men, served as trustee representing the creditors in the reorganization of a chain of food stores which had become financially embarrassed by over-expansion.

Under the old and now outmoded method of credit operation, there would have been acknowledgment of insolvency and liquidation. Not so when credit men follow a forward-looking program of rehabilitation.

Mr. Bennett's analysis of the status of each of the 40 or more stores revealed that half of them were op-

erating at a profit whereas the other half were losing as much as the others earned.

By elimination of the non-profit units and by constructive inventories, in an exceptionally short time the business was reorganized, the creditors were satisfied, and a profitable chain of at least 20 establishments now is operating as a source of distribution for hundreds of distributors and jobbers and an asset to the community.

One of the most interesting and meaty replies comes from Treasurer Bert H. Davis of Charles Millar & Son Company, Utica, N. Y. Mr. Davis, addressing the Tri-Cities Association at Binghamton, had spoken in part on "commercial servicing" of dealers, and that section of his address is highlighted under separate heading herewith. We asked him for case histories for the purposes of the survey.

"We try to keep our service wholly practical and tactful and not beyond the customer's capacity to utilize them," Mr. Davis replied. "I hope the copy reflects the spirit in which we try to make business more profitable and trouble-free to our friends." Indeed it does!

(Because of space limitations, these case histories will be presented later.)

SERVICING TRUCKERS

(Concluded from page 9)

phases of attendants' work, records every operation in terms of time, money and effort—spends several days and nights at it. A few days later the station manager receives from Standard a book of records of the survey. In it are all data of the man-minutes consumed per gallon of diesel fuel sold, and additional valuable details. Even more important is the abundance of suggestions as well as directions amassed by experts on management, to show him how to get maximum profit from the operation and where to effect economies.

The Richfield Oil Corporation provides mail and message pickups for truckers and maintains a contact service for trucking companies with their drivers. Richfield has placed 60-foot scales in all its stations to help protect drivers from violation of the new California law which increases the penalties for overweight truckloads.

Richfield made a detailed study of other companies' station operations, carried out exhaustive studies with prospective customers, installed

three pilot stations for tests, and then established an integrated network of 15 truck stations, almost identical, at 250-mile intervals, on the chief routes of California, Nevada and Arizona. Richfield leases them to individual operators but the company adds improvements and expansions as the business develops them, and has 18 salesmen promoting the network, at least one in each station.

A top station will store a minimum of 50,000 gallons of gasoline and again as much of diesel fuel, and as much as 12,000 gallons of butane, if the latter is a part of its operation. Fuel pumps are in pairs usually, pumping up to 25 gallons a minute into the truck on either side.

Identical service 24 hours a day is required, with up to four attendants.

The truck service station business is big business in its own way, when the California picture is enlarged to the panorama of cross-country, and the managerial guidance services applied to it by alert companies contain many a clue for credit and management departments in other fields.

Dunn Heads N.Y. Association's N.A.C.M. Convention Plans

William R. Dunn, General Foods Corporation, has been named chairman for the participation of the New York Credit & Financial Management Association in the 56th annual Credit Congress of the National Association of Credit Men at Houston, Texas, May 11-15.

On the committee are L. D. Blakeley, National City Bank of New York; O. W. Bullen, Lever Bros. Co.; D. E. Burroughs, Shell Oil Co.; Joseph D. Coogan, The Manhattan Shirt Co.; Theodore B. Luse, L. F. Dommerich & Co., Inc.; Joseph C. Lynch, Pacific Coast Borax Co.; Arthur H. Mader, American Chiclé Co.; Harry J. Pugh, Corn Exchange Bank Trust Co.; Mrs. Mildred Salmon, National Carbon Co.; George J. Schatz, Commercial Factors Corp.; A. J. Smith, J. P. Stevens & Co., Inc.; Sidney A. Stein, Congress Factors Corp.; and Gerald D. Stone, S. D. Leidesdorf & Co.

Ex-officio members are Roliston G. Woodbury, Textile Banking Co., Inc., president of the New York association; Mortimer J. Davis, executive vice-president of the New York association, and Frederick W. Zander, U. S. Plywood Corp., first vice-president of the group.

N.Y. Forum Speakers Present Credit from Three Viewpoints

Credit, from the viewpoints of the sales department credit man, credit reporting agency and the accountant, were discussed in a panel exposition at the monthly forum of the New York Institute of Credit.

Attendance of credit executives at sales meetings is one effective medium for coordination of departmental operations, said A. Melville Jackman of J. L. Stifel & Sons, Inc.

Harmony between sales and credit is possible only if top management gives the credit department prestige paralleling that of the sales unit, Clifford E. Harrison of L. F. Dommerich & Company, told the Institute members.

Credit operation is re-emphasizing fundamentals and an agency report is looked upon as concentration of general and specific antecedents, trade and financial information, according to Edward W. Knaus, of the National Credit Office, Inc.

Noting the common responsibility of accountants and credit men, Sidney Kohleriter (S. Kohleriter & Company) urged credit personnel to obtain detailed annual audits, verification of inventory, special audits as necessary, and copies of operating and cash budgets.

Detroit Women Push Charity

The Detroit Credit Women, concentrating upon their charity work, have made generous contributions to the Cancer Fund, Veterans Hospital and the Ruth Alden Dress Fund, and others.



LOOK FOR THIS MAN!

He is your local U. S. F. & G. Agent

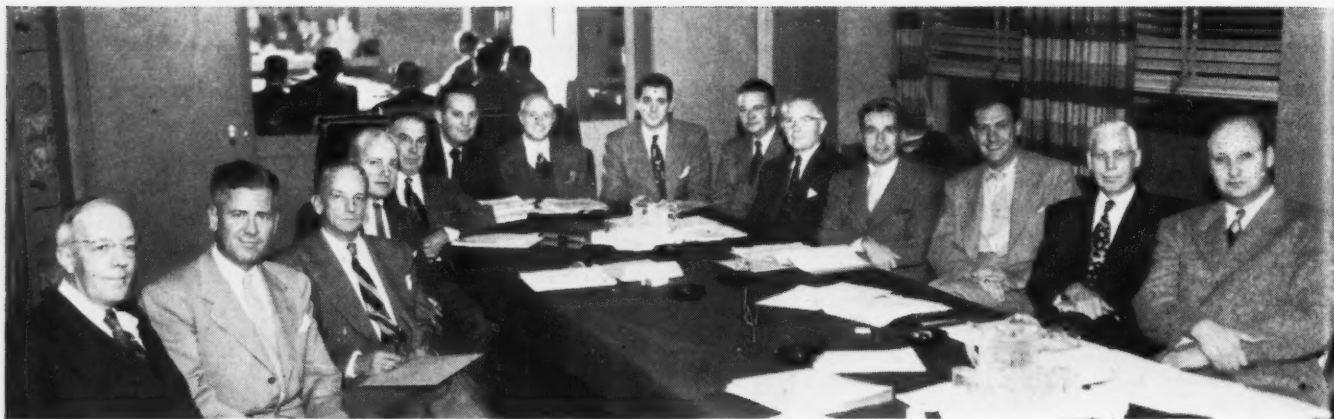
YOU'LL want to see him because he knows how to give your company maximum coverage against losses which are due to dishonesty, vandalism and accident . . . with a minimum of premium outlay.

Or if you want to see him today, there is a U. S. F. & G. agent in your community who will be glad to call on you at your convenience. Naturally there is no obligation.



**United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto**

CONSULT YOUR INSURANCE AGENT OR BROKER
AS YOU WOULD YOUR DOCTOR OR LAWYER



THE BOARD OF DIRECTORS of the National Food Manufacturers Credit Division. In the picture are (l to r): T. J. Lyon, Kellogg Sales, Battle Creek, Mich., vice chairman; L. J. Finn, The Cream of Wheat Corp., Minneapolis, Minn.; A. F. Norris, Penick & Ford, Ltd., Inc., New York City; F. M. Hulbert, The Procter & Gamble Co., Cincinnati, Ohio, treasurer; O. W. Bullen, Lever Brothers Co., New York City; S. J. Haider, National Association of Credit Men, St. Louis, Mo., secre-

tary; Elmer Weiland, Atlantis Sales Corp., Rochester, N.Y., chairman; W. W. McAdam, N.A.C.M., New York City; A. P. Brigham, Pet Milk Sales Corp., St. Louis, Mo.; W. R. Dunn, General Foods Corp., New York City; J. F. Welsh, McCormick & Co., Inc., Baltimore, Md.; E. O. Regelmann, Bon Ami Co., Inc., New York City; J. C. Moore, Stokely Van Camp Co., Inc., Indianapolis, Ind.; and A. A. Schirmer, American Sugar Refining Co., New York City.

300 at New England Conference Hear Wide Variety of Topics

Eight meat courses would be too heavy a day's diet for the most voracious gourmand. Not so the meat in the addresses digested by the 300 or more credit and financial management personnel at the New England Conference at Providence, with the Rhode Island Association of Credit Men as host.

Lorne D. Duncan, general credit manager of the National Distillers Products Corporation and president of the National Association of Credit Men, was a convention speaker, joining educators, sales managers, a banker, editor, accountant and trade specialist in bringing to those attending a wealth of information cutting squarely across their fields of endeavor.

The wide interest in subject matter and the smooth operation of the meetings attested the effective work of the committees and the following: Warren E. Tillinghast, Providence Paper Company, local association president; E. William Lane, American Screw Company, N.A.C.M. vice president; Howard S. Almy, The Collyer Insulated Wire Company, Inc., program director; Everett O. White, Jr., Providence Journal Company, councillor; and Henry T. Farrell, executive secretary of the Rhode Island association.

Only highlights of addresses are touched upon here; more detail from several will appear in forthcoming issues.

The twinship of credit and selling was discussed by Philip A. Mitchell, sales and credit manager of the Cullen Division of Household Fuel Corporation, New York City, and William H. Gove, sales development manager of Minnesota Mining and Manufacturing Company,

St. Paul, but the speakers approached the subject from different viewpoints.

The credit side of selling and coordination of the relationship between the two departments was the theme of Mr. Gove. Mr. Mitchell gave a series of pointers on how the credit profession can not only build sales but also retain them.

Mr. Mitchell drew many close parallels between credit man and sales man, among them these: He is *courteous*; he *sees the people* ("It is a reflection on credit men that, in most cases, when they do see a customer it is because of trouble"); he is *considerate, enthusiastic*; he *knows how to handle people*; he's *friendly* ("Show an interest in the other fellow's business"); *well-trained* ("It should be compulsory for every credit man to have a basic knowledge of his company's products"); he *sells ideas*; he's not aloof, doesn't argue, knows how to ask questions, to handle complaints, should seek the counsel of executives who have retired; has imagination, tact, one set of manners, and recognizes the importance of details, down to pronouncing a man's name correctly.

"Closer relationship between the retailers and the banks would result in added benefits to all," Frank V. Barrett, assistant secretary and credit manager

of Masback, Inc., New York City, told the Conference.

"Our firm has a form of insurance against mounting credit costs. We send out past-due notices reproduced from the original statement—first notice white, 'second notice', blue; third notice explaining we have no alternative but to place the account for collection by a specified date. We have a rigid policy not to ship merchandise to any account that is delinquent. We stress to retailers the importance of the banks in their routine."

Rae D. Anderson, dean of the Bentley School of Accounting and Finance, Boston, and a certified public accountant, discussed audit reports for credit purposes, and emphasized the responsibilities of company management and the C.P.A., what the creditor should expect and should request.

George R. Glendining, editor of *Banker and Tradesman* and a director of the Suffolk First Federal Savings and Loan Association of Boston, spoke on controls.

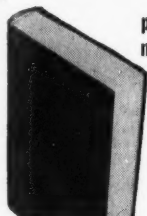
"The composite structure of today's controls is a mess and smacks strongly of bureaucracy gone wild," the banker-editor charged. "I feel we are being led dangerously down the road to socialism."

W. J. Sheridan, Montreal, executive secretary of the Canadian Chamber of Commerce, told of the increasingly discovered natural resources and growing manufactures of his country, but warned that "a man spoonfed until his initiative has been sapped cannot be said to enjoy opportunity."

JOINT CHECKING ACCOUNT

A device that allows your wife to beat you to the draw.

Your Business will have a better chance to flourish



promises this great new business guide by J. K. Lasser

1001 profit-building ideas
on:
TAXES
RETAILING
PRICING
FINANCING
MAIL ORDER
CREDITS
etc., etc.

HOW TO RUN A SMALL BUSINESS

By J. K. Lasser, C. P. A.

Adjunct Professor of Taxation, Chmn.,
Institute on Federal Taxation,
New York University

350 pages, 6 x 9, \$4.95

THIS book is a valuable, realistic guide to sound, profitable, enduring business management. In Lasser's well-known crisp, direct style, you are shown not only what to do, but also what not to do. The book points out guiding fundamentals of good practice, and just as positively indicates how to avoid making the mistakes others have made. Covers marketing, planning, financing, accounting, operation, and control—providing tested techniques from businesses, large and small.

13 big sections bristling with ideas tell you:

- How to Build for Profits
- How Good Accounting and Other Records Can Help Control and Direct Your Business
- How to Avoid Frauds by Employees, Customers and Others
- How Good Tax Management Can Increase Your Net Profits
- How Best to Handle Your Credit and Installment Sales
- How to Finance Your Business
- How to Plan the Best Insurance Program for Your Business
- How to Buy an Established Business
- Should Your Business Be a Proprietorship, Partnership, Corporation, or Some Other Form?
- How to Operate a Store Most Efficiently
- How to Operate a Plant Profitably
- How to Make Profits in Wholesaling
- How to Operate a Business Office Most Efficiently

—SEE THIS BOOK 10 DAYS FREE—

McGraw-Hill Book Co., Inc.,
330 W. 42nd St., New York 36

Send me Lasser's *How to Run a Small Business* for 10 days' examination on approval. In 10 days I will send \$4.95, plus a few cents delivery, or return book postpaid. (We pay delivery if you send remittance with coupon; same examination and return privilege.)

Name.....

Address.....

City..... Zone..... State.....

Company.....

Position..... CFM-2-52

This offer applies to U.S. only.

Management Training

(Concluded from page 17)

of those ratios, for in the ability properly to analyze them lies the key to sound credit judgment. From case histories he is shown the significance of the various ratios and how to weigh them in deciding credit-worthiness.

Both strong points and weak points indicated by the ratios are discussed and studied, to identify the factors causing them, because the reason for temporary variations, good or bad, should be understood and generally can be diagnosed from the available data. He is taught that the customer's history, type of business and trend of financial condition are helpful in reaching a credit decision.

Feeds Replacements to Districts

Our standard terms of payment are explained to him to enable him to spot off-standard terms on customer orders and take appropriate action. At the same time our cash discount policy is outlined. Familiarity with terms of payment makes for better control in the field and avoids misunderstandings and poor customer relations.

Our collection tools are carefully studied, likewise routine procedures. They are, in general, the same as those in your business. It is necessary to cover them thoroughly with the student, however, because he seldom has had any practical experience.

The objective of all this training is to feed replacement personnel to our districts as needed and to have them as thoroughly grounded in theory as possible, so that the time until they can "pull their own weight" is shortened.

Real Training on the Firing Line

However, we realize the *real training* from a practical standpoint starts when the student is out on the firing line making day to day decisions. His real value only then becomes apparent, for to a great extent credit efficiency depends upon sound judgment based upon actual experience. Nevertheless we have found the training program very helpful in our personnel program.

Our Westinghouse training program perhaps is more extensive than might be necessary in some companies but it can be revised to meet individual circumstances.

Some type of training is essential and a regularly scheduled series of subjects not only simplifies the procedure but also assures coverage of every important phase.

INDUSTRIAL INTERNAL AUDITING

JUST OUT!

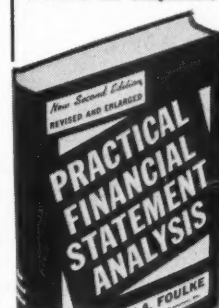
1. Shows how to use internal auditing to help your company improve its policy and increase profits. Tells how to establish the aims, and what practices to follow to make the Audit Division help you increase efficiency, eliminate waste, and set new standards of performance. Covers procedures in the fields of cash, credit, inventory, sales, payroll, production reporting and planning, maintenance, etc. By W. A. Walker, Vice-Pres., Accounting, and W. R. Davies, Dir., Audit Div., both of U. S. Steel Co. 323 pp., 102 forms and exhibits, \$5.00

STREAMLINING BUSINESS PROCEDURES

2. Here are the administrative tools and techniques for developing simple and effective business systems and procedures. Shows how to analyze your business procedures . . . gather facts and develop recommendations . . . install new or revised procedures . . . develop and maintain procedures-instruction manuals—in short, set up a procedure study program that works for the good of your business. By Richard F. Neuschel, Management Consultant, McKinsey & Co. 334 pp., \$5.00

PRACTICAL FINANCIAL STATEMENT ANALYSIS

3. This revised 2nd edition is your key to sounder financial statement analysis and interpretation. It outlines techniques that enable you to get the important facts from the figures you have at hand—discusses the comparative and internal analysis of



balance sheets, profit and loss statements, surplus accounts, sales analysis of small business, etc. Includes scores of valuable forms and schedules, comparative figures and statements, and important ratio charts. By R. A. Foulke, Dun & Bradstreet. 2nd Ed., 619 pp., \$9.50

MANUAL OF PRACTICAL OFFICE SHORT CUTS

4. A treasury of ideas, short cuts, and methods you can use to increase office production—to cut operating costs—to streamline office routine. Each short cut given has proved a valuable device for saving money or effort. Supplies details on how to increase the effectiveness of departmental operations—includes refinements for better executive control. Covers the everyday office functions, large and small—suggestions for inventory control, hints on typing and filing, gadgets for easier tabulation, etc. Compiled from ideas sent in by members of the Nat. Office Mgt. Assoc. 272 pp., 102 illus., \$4.00

SEE THESE BOOKS 10 DAYS FREE

McGraw-Hill Book Co., Inc.,
330 W. 42nd St., N.Y.C. 36

Send me book(s) checked below for 10 days' examination on approval. In 10 days I will remit for book(s) I keep, plus a few cents for delivery, and return unwanted book(s) postpaid. (We pay for delivery if you remit with this coupon; same return privilege.)

- ☐ 1. Walker & Davies—INDUSTRIAL INTERNAL AUDITING \$5.00
- ☐ 2. Neuschel—STREAMLINING BUSINESS PROCEDURES \$5.00
- ☐ 3. Foulke—PRAC. FINANCIAL STATEMENT ANALYSIS \$9.50
- ☐ 4. NOMA—MAN. OF PRAC. OFFICE SHORT CUTS \$4.00

(Print)
Name.....

Address.....

City..... Zone..... State.....

Company.....

Position..... CFM-2-52

This offer applies to U.S. only

WASHINGTON

(Concluded from page 7)

general purpose and butyl synthetic is subject to 30-day inventory limitation. N.P.A.'s objective is a quarterly limitation of consumption of natural rubber to 105,000 long tons.

❏ **SHUTDOWNS** of some operations this quarter are threatened unless manufacturers get more tin, the N.P.A. was advised. When told they'd get 5,000 to 6,000 tons, the manufacturers complained they had set up operations on a basis of being allotted 7,725 tons the first quarter.

❏ **TWELVE-MONTHS** auto storage batteries are ruled out for manufacture after March 1st. With 343,000 tons of lead used for battery making last year, the N.P.A. said that thereafter only those with a minimum of 18 months life expectancy may be made.

❏ **REPORTED ABUSES** of trade-in allowances on items under consumer credit controls have brought from the Federal Reserve Board the following "interpretations" of Regulation W: (1) in cases where the registrant does not get delivery and possession, it is a rebate or sales discount that is involved rather than a trade-in; (2) a substantial amount of allowance for property of nominal or negligible value or having no reasonable relationship to the so-called allowance, in down payment, is in conflict with the regulation; (3) a trade-in cannot be considered a down payment to the extent of any offsetting increase in the article's price; (4) rebates or discounts are not outlawed but they cannot take the place of the required down payment; and (5) the registrant must keep records showing he is conforming with the regulation in his treatment of an allowance as a trade-in or exchange in full or part paying of the required down payment.

❏ **COL. A. E. HOWSE**, of Wichita, Kan., assistant to C. E. Wilson, defense mobilizer, heads a new board to correlate procurement requirements of civilian agencies.

❏ **OPERATORS** of auto junk yards must dispose of pre-1946 wrecked cars by March 1 or close shop. The N.P.A. order was prompted by seasonal drop in heavy iron and steel scrap receipts by steel mills.

❏ **PRESIDENT TRUMAN'S** ukase permitting Governmental department officials outside the military to sequester information under designations "Secret," "Top Secret," and what not, raised a tempest in the press across the land, and the end is not yet. However, before those regulations, many a department order or action was not made public, nor is everything not marked "Secret" reaching the open air today. For example, beyond the published standards of Government

buyers for products are secret criteria for selection of contract winners among equal bidders. Not all data on N.P.A. allocation of materials is published, etc. Some of these secrecies are accepted as necessary to get things done. What troubles newsmen, accustomed to digging out stories from part-disclosures or by following up on "leaks," is that the new rules will stop them cold when the scent is hot.

❏ **GOVERNMENT SUPPORT** for a larger share of production of such items as airplane tires, rubber life rafts and tires for military trucks was urged by the rubber machinery manufacturers' industry advisory committee because of the decrease in output and the threatened danger of difficulty in supplying defense orders for them.

❏ **EXTRA PAY** for foremen and supervisors, if they put in more hours than the customary work week, may be had without approval by the S.S.B., says General Salary Order 4. The ruling is for plants now operating on more than 40 hours a week and paying hourly rated employees overtime each week but not foremen. An employer who had in operation before Jan.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents.

25, 1951, a plan for extra pay for foremen and supervisors for extra time, may keep it in effect. If he did not have such program he now may pay foremen for additional hours but not higher than straight time compensation.

❏ **TRANSFER** of priority ratings and materials quotas when a company is sold as a going concern, with complete assets and obligations, to a new owner, is the objective of procedure arranged by the N.P.A., with the stipulation that the buyer be substantially the same business operating at the same location.

❏ **UNATTRACTIVE** interest rates point toward continuation of a shortage of mortgage money this year, say officials of the Veterans Administration and the Federal Housing Administration. While Raymond M. Foley told the San Francisco convention of the Mortgage Bankers Association of America that interest rates on insured or guaranteed home loans might be increased (to 4½ per cent on VA mortgages and 5 per cent on FHA, without law changes), John W. Snyder, secretary of the treasury, previously had opposed any rise in the cost of money for veterans. Meanwhile, critical materials for civilian use are being reduced sharply for defense production and Manly Fleischmann, D.P.A. administrator, says 1952 will be worse.

All Dividend Payments Must Be Reported by February 28

By **ROSS E. COCKRELL**

Manager, Research Department
Ross-Martin Company, Tulsa, Okla.

Because of a recent Bureau of Internal Revenue decision, all dividend payments made by nearly all corporations during 1951 must be reported on Treasury Form 1099 by Feb. 28, to the Commissioner of Internal Revenue, c/o Processing Division, C. C. Station, Kansas City 2, Mo.

Treasurer's Decisions No. 5856 and No. 5859 change Treasury Department Regulation 111 (26 CFR Part 29), Paragraph 4, Section 29.148.1 and require that all dividend payments made by non-exempt corporations in 1951 be reported. The ruling also changes to February 28 the latest date on which these information returns must be filed.

Naturally those corporations paying no dividends in 1951 will be unaffected, as will building and loan associations, cooperative banks, homestead associations, credit unions, savings and loan associations or other corporations specifically exempt.

Besides corporations, investment trust, large banks and others acting as fiscal agents certainly will be faced with a clerical problem in reporting dividends paid for clients.

In the past, only those payments whose total for the year to any individual exceeded \$100 were required to be reported on Form 1099. Since this number was relatively small, corporations could use the Government issue form. This decision by the Treasury Department can create a clerical problem for which the existing form will be highly unsatisfactory, as copies must be furnished not only to the Bureau of Internal Revenue, but to the individual receiving payment, and in some cases to the state in which the individual resides.

The Form now is issued in loose single sheets of approximately 3½" x 7½" in size. At some collector's offices the same form will be available in fanfold style with more than one report on the sheet. However, in the past, the form in this style has been in short supply at many B.I.R. issuing points.

Sorrell Credit Club Chairman

Michael Sorrell of the Michaels Art Bronze Company has been named chairman of the Credit Club, Cincinnati Association of Credit Men, succeeding Dick Grace, who resigned on moving to Orlando, Fla.

LETTERS TO THE EDITOR

QUITE AN IMPROVEMENT

"Congratulations . . . my first impression of the January issue of CREDIT AND FINANCIAL MANAGEMENT is very favorable. It is quite an improvement."

HERMAN M. KESSLER, President
The Standard Printing Company
Louisville, Ky.

SHOWS REAL LIFE

"Congratulations on the January issue of CREDIT AND FINANCIAL MANAGEMENT . . . it shows real life."

DAVID W. BIZZELL
Little Rock Assn. of Credit Men
Little Rock, Ark.

CONGRATULATIONS

"Congratulations on the new CREDIT AND FINANCIAL MANAGEMENT."

MORTIMER J. DAVIS,
Executive Vice President
New York Credit &
Financial Management Assn.
New York, N. Y.

BIG IMPROVEMENT

"My heartiest congratulations on the January issue of CREDIT AND FINANCIAL MANAGEMENT. It is a tremendous improvement over former issues."

E. A. LUTHER, Vice President
National Surety Corporation
Chicago, Ill.

KEEP UP GOOD WORK

"The new CREDIT AND FINANCIAL MANAGEMENT is a great improvement . . . keep up the good work."

R. C. SOWERS, Credit Manager
Hart, Schaffner & Marx
Chicago, Ill.

SPARKLING WITH LIFE

"The January '52 issue of CREDIT AND FINANCIAL MANAGEMENT is most certainly a brand new creation, sparkling with life and interest . . . a magnificent accomplishment."

D. A. GRANT, Division Credit Manager
Socony Vacuum Oil Company
Chicago, Ill.

INCREASED BENEFIT

"Compliments on improvement of CREDIT AND FINANCIAL MANAGEMENT. It is full of interesting news and of greatly increased benefit."

CLARENCE E. WOLFINGER, Credit Manager
Lit Brothers
Philadelphia, Pa.

ALL LIKE CHANGES

"The new January issue of CREDIT AND FINANCIAL MANAGEMENT was discussed at a local credit group meeting today. All approve and like the changes made

in format, type and copy arrangement, illustrations and features . . . the group felt that the Washington page is a marked improvement."

WM. E. NIVEN, Secretary
Evansville Association of Credit Men
Evansville, Ind.

VASTLY IMPROVED

"Congratulations on the January issue of CREDIT AND FINANCIAL MANAGEMENT. The format and contents are vastly improved and I predict will be most favorably received around the country."

S. J. SCHNEIDER, Secretary
Louisville Credit Men's Association
Louisville, Ky.

INTERESTING MATERIAL

"Congratulations upon the face lifting job done on CREDIT AND FINANCIAL MANAGEMENT. There is more interesting material presented in a more readable way in the January issue than in any of its predecessors."

JOHN T. BROWN, JR., Treasurer
Hajoca Corporation
Philadelphia, Pa.

PICTURE HIGHLIGHTS

"I like your new CREDIT AND FINANCIAL MANAGEMENT. The articles are very well written and interestingly highlighted with pictures."

K. C. SOMMER
The Youngstown Sheet and Tube Co.
Youngstown, Ohio.

MORE TECHNICAL MEAT

"Congratulations on the 'new look' of CREDIT AND FINANCIAL MANAGEMENT. In addition to the new format there appears to be considerably more technical reading material which everyone will appreciate."

G. H. SMITH, Controller
The Buhner Fertilizer Co.
Seymour, Ind.

OUTSTANDING

"The new issue (January) of CREDIT AND FINANCIAL MANAGEMENT is outstanding. Every article is interesting. Everything is extremely well arranged, and the variety of topics is of importance to the credit profession and enlightening to the man who wants to hear the opinions of leading personalities in the industry."

A. LENART
Golo Footwear Corporation
New York, N.Y.

FINE MAKEUP

"My sincere compliments on the January CREDIT AND FINANCIAL MANAGEMENT. Fine makeup and interesting to read."

A. D. JOHNSON, Secretary
Los Angeles Credit Managers' Assn.
Los Angeles, Calif.

Guides to Improved Executive Operation

Keeping Informed

GUIDE TO SUBVERSIVE ORGANIZATIONS AND PUBLICATIONS—Prepared and released by the U. S. House of Representatives' Committee on Un-American Activities, this publication is now available from the Superintendent of Documents, U. S. Govt. Printing Office, Washington 25, D. C. Price 35c.

SMALL BUSINESS EDUCATION 1950—OUTLINE AND SOURCE MATERIAL—Outlines an educational course and presents an annotated bibliography on the subject. Write Office of Small Business, U. S. Department of Commerce, Washington, D. C. Price 30c.

FEMININE FOCUS ON LIFE INSURANCE
This 20 page booklet answers the questions a woman often asks about her husband's life insurance. In simple language it presents basic facts to help increase her understanding of the "hows" and "whys" of insurance. *Institute of Life Insurance*, 488 Madison Ave., New York 22, N.Y. Free.

THIS BUSINESS OF GETTING A JOB—
Detailing the major considerations in looking for, applying for and obtaining a job, the booklet merits passing on to a young friend or relative. This is a commendable work of the *American Marketing Association*, 1525 E. 53rd Street, Chicago 15, Illinois. Price 25c.

GETTING YOUR IDEAS ACROSS THROUGH WRITING—A handy, concise booklet on writing better business letters and putting thoughts into words. Write *Superintendent of Documents*, Washington 25, D.C. Price 25c.

FACILITIES FOR DEFENSE PRODUCTION
An illustrated booklet demonstrating how one company plans to convert to defense and at the same time maintain civilian production. Write on business letterhead to the *Cory Corporation*, 221 N. LaSalle Street, Chicago 1, Ill. Free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 33 So. Clark St., Room 1538, Chicago 3, Ill.

EFFICIENCY TIPS

176—Hartford Fire Insurance Company has a booklet giving complete data on **BUSINESS INTERRUPTION AND EXTRA EXPENSE INSURANCE**. Free on request.

177—Recordak Corporation's **IN BANK AFTER BANK AFTER BANK**, contains facts on Recordak Microfilmers and the shortcuts and safeguards they make possible.

178—Neenah Paper Company will send a test kit of 24 basic letterhead treatments, with full production data.

179—Thomas Edison, Inc., in a new 12-page booklet, **DISTINCTLY YOURS**, describes Hi-Definition recording, advantages of double length indexing, and other features of the company's Voicewriter.

180—Fox River Paper Corporation has produced a series of six-page booklets on improved letter writing, with examples. Ask for **HOW TO PUT SOCK IN YOUR FIRST SENTENCE**, first of the series.

181—Diebold, Inc., has a data book explaining the various types of records a manufacturer must maintain under the Controlled Materials Plan. This describes methods of filing applications for allotment of both Class "A" and "B" materials and forms required for material requirements, allotment accounting and purchasing material controls. Ask for "C.M.P. Made Easy."

182—Bankers Box Company will send "Manual of Record Storage Practice," showing accepted practice for the indexing and filing of current and older records as well as the periodic weeding out and destruction of over-age papers; methods of disposing of records, safe retention period of records, and methods of storing various types of material.

Book Reviews

TEN THOUSAND COMMANDMENTS. By Harold Fleming. Prentice Hall Publishing Co.

♦ This depicts the changes taking place in the interpretation of the country's antitrust laws resulting from the many decisions in recent years by the U. S. Supreme Court.

ECONOMICS IN ONE LESSON. By Henry Hazlitt. Harper & Brothers Publishers.

♦ A very thorough study. The book consists of 222 pages, with 24 chapters, each a lesson in itself, and well worth reading. The work is interesting as well as instructive. Mr. Hazlitt fully understands the dangers to banking inherent in present conditions, and realizes just what inflation is.

THE STOCK MARKET. By George L. Leffler. Price \$6. The Ronald Press Co., New York 10, N. Y.

♦ A book for the serious investor, student of the market, broker or college student. Advises where to go for information about securities, what the Securities and Exchange Commission does, how the New York Stock Exchange works, and how to become a member. The author also explains the function of odd-lot dealers, buying long, selling short, how to read a financial page and how to interpret a stock table.

INDIVIDUAL INITIATIVE IN BUSINESS. Edited by George Allen. \$3.50. Harvard University Press.

♦ A compilation of the writings of 37 top executives from various fields of industry, business, education, labor and government, on the subject of the individual's initiative in business. Among the contributors are Charles Sawyer, Neil McElroy, Donald David, Roy Larsen, L. R. Boulware, and Charles Myers. A fresh explanation of the free enterprise system.

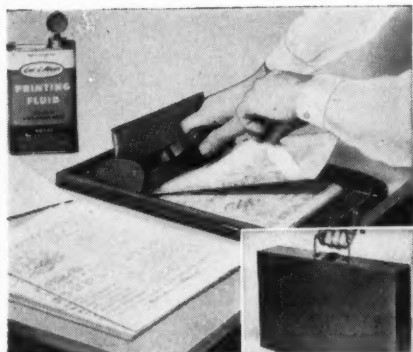
Books reviewed or mentioned in these columns are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

Modernizing for Office Efficiency

introducing new office equipment and systems to effect economies in labor and costs, as well as to speed production of essential office work

FOR TYPEWRITER SUPPORT

With this typewriter platform support, the Roytype "Pedestaleg," introduced by the Roytype Division of the Royal Typewriter Co., Inc., 2 Park Ave., New York City, typewriter platforms are strengthened and extraneous noises and vibrations eliminated. The "Pedestaleg" has a special locking and releasing device permitting setup or release under a typewriter platform in a simple, one step operation. It extends from 12 inches to 17½ inches and has "sure grip" rubber ends that hold the platform level and steady under all typing conditions.



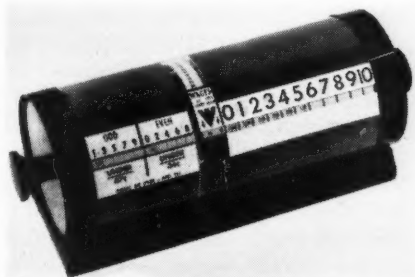
ing, or writing with a ball point pen. For full information write Master Addresser Company, 6500-P West Lake St., Minneapolis 16, Minn.

An association treasurer whose annual report said the records were being taken care of in miraculous fashion had to issue a correction sheet explaining that it should have read "meticulous."

—Advertising Age

AUTOMATIC TAX COMPUTER

An automatic tax computer, giving correct payroll deductions for any employee's salary, is the latest piece of office equipment made of lightweight, shatterproof Celanese acetate plastic. The Ayres Calculer-D payroll tax machine, by the turn of a knob, indicates the exact federal old age benefit and withholding tax deductions for each paycheck. Tax computing tables are printed on a plastic cylinder, encased in a cover of printed acetate sheeting. A fingertip touch rotates the cylinder, then stops it at the proper salary classi-



fication, where deductions are visible through a one-line reading window. Drums carrying the computing table are interchangeable, so that more than one payroll period (weekly, bi-weekly, semi-monthly) may be handled on a single computer. Replacement rolls, adapted to future revisions of payroll tax rates, will be available when required. The device weighs only 16 ounces, and measures 9" long by 4" high. Write the Kirk Plastic Company, 170 E. Jefferson Blvd., Los Angeles 11, Calif.

PUNCHED AND REINFORCED

A new office machine that eliminates the time-consuming task of hand reinforcing papers for binders and files has been announced by Stationers Supply Corporation, 82 Wall St., New York City. The steel Target Punch-Reinforcer is simple to operate. Just insert the paper,



press the lever, and holes are punched and permanently reinforced from rolls of strong adhesive back tape. If no reinforcement is desired, just press a little lever and the machine may be used as a punch. Reinforcement Tape is so inexpensive that eight sheets may be reinforced for a penny. Six rolls of tape, packed in an airtight container, will keep

(Concluded on following page)

NEW DUPLICATING DEVICE

The Master Portable Spirit Duplicator will print material from postcard size to 8½" x 11", as many as five colors at a time. It does not require stencils, ink or gelatin. Weighing only 12 pounds, it is equipped with a case so that it may be carried about like a portable typewriter. The same process is used as in larger and more expensive spirit duplicators. As the machine is operated, the impression paper is moistened by rollers with a clear spirit which picks up the carbon from the master. The master can be prepared by typ-

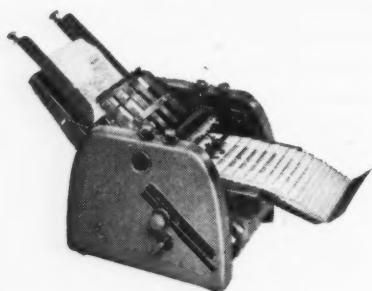
PUNCH-REINFORCER

(Concluded from page 33)

indefinitely, and the machine is so designed that new tape may be inserted in a matter of seconds. Here's an inexpensive device to guard against losing or marring valuable papers.

SPEED FOLDING OPERATION

Here's a new, low-cost Folding Machine designed to stress ease-of-use for clerical employees. A "Quick Set Fold Chart" reduces the most commonly used folds to simple al-



phabetical settings, including single folds, parallel letter folds, double parallel folds, accordion or statement folds, French folds, and horizontal folds with two vertical folds. Fold plates bear precision scales marked in inches to permit accurate plate settings for other types of folds. A simple adjustment compensates for paper that is not squarely cut, and uninterrupted folding may be accomplished by loading the Folder while it is in operation. This Model 56 folds paper stock in weights from 16 to 36 substance in sizes ranging from 2½" to 9" in width and 3½ to 14" in length. For further information write A. B. Dick Company, 5700 W. Tuohy Ave., Chicago 31, Ill.

INSULATED RECORD FILE

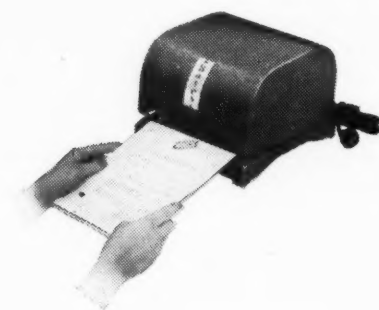
New four-drawer legal and letter size Insulated Safe Record Files, labeled for withstanding standard 1-hour fire endurance, explosion and impact tests, have been announced by Herring-Hall-Marvin Safe Company of Hamilton, Ohio. They are designed to meet emergency requirements of business executives, government agencies and defense contractors to protect vital records and confidential documents. Two steel spring-bolts hold each drawer closed for 24-hour-a-day fire protection. To prevent unauthorized



access, drawers may be equipped with corrugated or combination locks, protected by a drill-resistive steel plate. The drawers operate easily on ball-bearing roller suspensions, extend to full depth, have guide rod and positive-stop follower-block operating on the side-rails of the drawers. The finish is gray with satin nickel hardware. Each size—letter or legal—weighs 903 pounds.

STAPLES AUTOMATICALLY

Smaller than an ordinary typewriter, and weighing only 27 pounds, the Bates Electric Stapler can be used anywhere and by anyone. A hair-trigger electric switch does the work when the paper touches it. Set the guide from ⅛" to 2½" from edge



TABLETOP COLLATOR

A new table model collator, priced at less than \$100, just placed on the market is said to combine the best structural and operating features of larger units with space-saving and economy. The feed mechanism is the standard Ejectomatic Feed, with the lever propelling the feed arms working smoothly on ball bearings. Complete inspection of the collated set is instantly possible, assuring accuracy and the detection of blanks and poor copy. Table model measures 15½" wide, 15½" deep, 16¼" high and is available in five-bin or eight-bin type.

Write Thomas Mechanical Collator Corporation, 30 Church Street, New York 7, N.Y., for more details and where these can be obtained.



FIRE LOSSES GROW

Fire losses totaled an estimated \$54,660,000 in October, the National Board of Fire Underwriters reported. This was an increase of 9.4 per cent over a year ago and 2.4 per cent over September, 1951, losses.

Losses in the first ten months of 1951 aggregated \$603,135,000, up 6.5 per cent from the 1950 figure of \$565,850,000, according to Lewis A. Vincent, general manager of the board. These estimated losses under fire insurance policies included an allowance for uninsured and unreported losses, Mr. Vincent pointed out.

ASSOCIATION NEWS

Highlighting Activities National, Regional, Local

Industry Committees Get Set for Convention

By J. K. PRANTER

(Metal Goods Corp., Houston, Texas)
Chairman, General Industry Meetings
Committee

WHY ATTEND a Credit Congress? Is it a waste of your time and your company's money? Quite to the contrary—it is one of the smartest investments a business firm can make.

All of us know we can expand our knowledge and ability in credit management. However, improvement will be slow if we confine our activities to our own organization. The technique and experience of others are available to us through the Credit Congress. We should make use of this opportunity.

The importance of the industry meetings is becoming more pronounced. Pictured herewith are the committee chairmen who are arranging programs for these meetings with the assistance of their committee members, whose names also are listed. Plans call for a minimum of one-man talks. Emphasis will be placed upon open forum panel discussions. Topics will be related to current problems facing your industry.

Should you have any suggestions for these programs, if you would



like discussion of certain subjects of interest to you and others, write the chairman of your industry. We know he will be glad to hear from you. Industry meeting programs are prepared with the one thought in mind of giving the credit executives attending these meetings the maximum amount of benefit to help them do their everyday jobs better.

Personal acquaintance with the members of your Industry Group is an asset no credit executive can afford to be without. The friendships you make will in themselves be worth the time and expense involved. Most of us cannot attend a Credit Congress each year, but surely we should make it a point to be present once in a three-year period.

Houston welcomes you with all the southern hospitality you know so well. If you have not been here recently, you will scarcely recognize the city which has become "America's Industrial Frontier." Modestly, we admit that you may want to stay. In that case, the solution is easy. Just tell your boss when you return that he should set up in business here and transfer you to take care of it.

While you are here there will be plenty of time for relaxation too. We offer top entertainment at the

Rice and Shamrock hotels. You may wish to see the San Jacinto Monument, the Hermann Park Zoo, the Museum of Natural History, the great new University of Houston. If you like to drive, the famous gulf-shore resort, Galveston, is only one hour away.

So please mark your calendar now and send your registration promptly to your credit association. In the spring, when a young man's fancy lightly turns, let us older "boys" think of Houston and the 56th Annual Credit Congress of the National Association of Credit Men, May 11-15, 1952. We'll be seeing you!

Following are the names of the committees' personnel:

Electrical and Radio Manufacturers

Chairman: RODERIC M. WILDER, Pass & Seymour, Inc., Syracuse, N.Y.

Vice Chairman: W. E. GALLAGHER, Bussman Manufacturing Co., St. Louis, Mo.

Committee Members: B. E. ARTHUR, Weston Electrical Instrument Corp., Newark, N.J.; CHAS. W. PRITCHARD, Stromberg Carlson Co., Rochester, N.Y.; DONALD B. SHAW, Howard W. Sams & Co., Inc., Indianapolis, Ind.; F. M. STARBUCK, General Electric Co., Cleveland, Ohio.

Electrical and Radio Wholesalers

Chairman: L. T. SHEARER, Readers Wholesale Distributors, Inc., Houston.

Committee Members: W. P. PERKINS, Alamo Distributing Co., San Antonio, Texas; J. H. WENDT, Graybar Electric Co., Inc., Long Island City, N.Y.; C. D. WILSON, Radio City Distributing Co., Dallas, Texas.

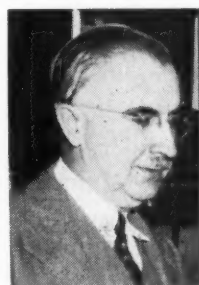
(Listings continued on following page)

GENERAL INDUSTRY MEETINGS COMMITTEE

Chairman: J. K. PRANTER, Metal Goods Corp., Houston, Texas.

Vice Chairman: H. Q. MOORE, Readers Wholesale Distributors, Inc., Houston.

Members: H. R. JONES, South Texas National Bank, Houston; H. E. POOVEY, Moncrief Lenoir Manufacturing Co., Houston; L. B. SCHWARTZBACH, Earle M. Jorgensen Co., Houston.



R. M. WILDER



L. T. SHEARER

INDUSTRIES' COMMITTEES

(Continued from page 35)

Confectionery Manufacturers

Chairman: WILLIAM F. PRETZEL, Bunte Brothers, Chicago, Ill.

Vice Chairman: L. VEGHTE, Beechnut Packing Co., Canajoharie, N.Y.

Committee Members: HELEN GRAY, Brecht Candy Co., Denver, Colo.; ANTOINETTE REHRAUER, Peerless Confections, Inc., Chicago, Ill.



W. F. PRETZEL



J. A. MONIER

Food Products and Allied Lines Manufacturing

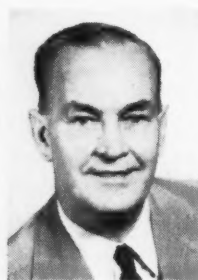
Chairman: J. A. MONIER, Wesson Oil & Snowdrift Sales Co., New Orleans, La.

Vice Chairmen: G. E. BRISTER, American Sugar Refining Co., New Orleans, La.; C. H. JENKINS, Imperial Sugar Co., Sugar Land, Texas; WILLIAM H. WATTS, Ballard & Ballard Co., Louisville, Ky.

Committee Members: C. V. COX, A. E. Staley Manufacturing Co., Decatur, Ill.; W. I. McCULLOUGH, Dwinell-Wright Co., Boston, Mass.; A. A. SCHIRMER, American Sugar Refining Co., New York, N.Y.; JOHN C. WIESNER, California Packing Corp., San Francisco, Calif.



G. M. LAYNE



E. O. PLOEGER

Hardware Manufacturers

Chairman: G. M. LAYNE, Mid States Steel & Wire Co., Crawfordsville, Ind.

Vice Chairman: R. B. PAYNE, National Screw & Manufacturing Co., Cleveland, Ohio.

Committee Members: WILLIAM BREADY, Schlage Lock Co., San Francisco, Calif.; W. R. HAAVIND, Stronghold Screw Products, Inc., Chicago, Ill.; E. O. KALLMANN, Wheeling Corrugating Co., Long Island City, N.Y.

Hardware Wholesalers

Chairman: E. O. PLOEGER, F. W. Heitmann Co., Houston, Texas.

Vice Chairman: MARION WILLS, Berling-Cortes Hardware Co., Houston, Texas.

Committee Members: IRL D. CLARK, Janney, Semple, Hill & Co., Minneapolis,

Minn.; JAMES N. JONES, Decatur & Hopkins Co., Boston, Mass.; R. M. MURCHISON, California Hardware Co., Los Angeles, Calif.; EDWIN POINDEXTER, Shapleigh Hardware Co., St. Louis, Mo.

Food Products and Confectionery Wholesalers

Chairman: HARRY N. TAYLOR, Beatrice Foods Co., Tulsa, Okla.

Vice Chairman: LEONARD MORRIS, Carnation Co., Houston, Texas.

Committee Members: JOHN LEDBETTER, Northrup King & Co., Minneapolis, Minn.; FRED T. MENGES, Fairmont Foods Co., Pittsburgh, Pa.; HAROLD J. MILLER, Altstadt Langlas Baking Co., Waterloo, Iowa; R. J. SLATTERY, Morey Mercantile Co., Denver, Colo.; GEORGE D. SPILLANE, Beatrice Foods Co., Denver, Colo.



H. N. TAYLOR



E. G. HOOPER

Iron & Steel, Non-ferrous Metals, Raw Materials and Allied Lines

Chairman: E. GLENN HOOPER, Sheffield Steel Corp., Houston, Texas.

Vice Chairman: HARRY LEIGH, Seymour Manufacturing Co., Seymour, Conn.

Committee Members: J. H. FRAZIER, Great Lakes Steel Co., Ecorse, Mich.; S. W. GILBERT, Jones & Laughlin Steel Co., New Orleans, La.; GEORGE T. STOCKFLETH, California Wire Cloth Corp., Oakland, Calif.; IRVIN C. TIETZE, American Smelting & Refining Co., New York, N.Y.

Wearing Apparel and Footwear

Co-Chairmen: W. E. TURNER, A. B. Frank Co., San Antonio, Texas; W. R.



W. E. TURNER



W. R. BOKER

BOKER, Graham-Brown Shoe Co., Dallas, Texas.

Vice Chairman: R. J. ULMAN, Tootle Dry Goods Co., Omaha, Nebr.

Committee Members: CATHERINE COHEN, New York Girl Coat Co., New York, N.Y.; ZONA H. LEE, Palm Beach Co., Cincinnati, Ohio; F. C. LIVERMORE,

Kauffman Knitting Co., Minneapolis, Minn.; HARRY L. MILLER, Tweedie Footwear Corp., Jefferson City, Mo.; E. PILSBURY, B. Rosenberg & Sons, New Orleans, La.; LOUIS SMIRNOW, Phillips-Jones Corp., New York, N.Y.; W. A. WARE, Normandin Brothers Co., Los Angeles, Calif.

Textile

Chairman: L. H. DeVRIES, McCampbell & Co., New York, N.Y.

Vice Chairman: J. C. OSBORNE, Trust Company of Georgia, Atlanta, Ga.

Committee Members: F. S. DAYTON, Bates Fabrics, Inc., New York, N.Y.; PAUL E. HUNTER, Pacific Mills, New York, N.Y.; A. JAMES SMITH, J. P. Stevens & Co., New York, N.Y.; GERALD D. STONE, S. D. Leidesdorf & Co., New York, N.Y.

Paper Products and Converters and Fine Paper

Chairman: E. M. HEARNE, Gaylord Container Corp., Dallas, Texas.

Vice Chairman: MELVIN M. NIELD, Marathon Corp., Menasha, Wis.

Committee Members: LEONARD J. GRUBER, Central Carton Co., Cincinnati, Ohio; GEORGE H. HEIDEMANN, F. J. Schleicher Paper Box Co., St. Louis, Mo.



L. H. DE VRIES



E. M. HEARNE

Machinery and Supplies

Chairman: HOBE WILSON, Oliver H. Van Horn Co., Inc., Houston, Texas.

Committee Members: V. A. BINGHAM, MacWhyte Co., Kenosha, Wis.; LORRAINE KUEZ, Te-Co, Inc., St. Louis, Mo.; J. H. RUDY, Briggs-Weaver Machinery Co., Dallas, Texas; JAMES I. STANG, Foote Brothers Gear & Machine Corp., Chicago, Ill.; PAUL D. SUMMERS, R-S Products Corp., Philadelphia, Pa.

Automotive

Chairman: KATHRYN M. SIRC, Edgar A. Brown, Inc., Cleveland, Ohio.

(Continued on opposite page)



HOBE WILSON



KATHRYN SIRC

Automotive

(Continued from opposite page)

Vice Chairman: W. P. DURHAM, The Firestone Tire & Rubber Co., Houston, Texas.

Committee Members: E. C. BUCKLEY, Straus-Frank Co., San Antonio, Texas; J. H. CAVANAUGH, McCord Corp., Detroit, Mich.; E. RICHARD MARKIN, Chapin-Owen Co., Inc., Rochester, N.Y.

Chemical

Chairman: ALBERT J. WAGNER, Mal-linckrodt Chemical Co., St. Louis, Mo.

Vice Chairmen: J. W. BURNS, Van Waters & Rogers, Inc., Dallas, Texas; J. C. LYNCH, Pacific Coast Borax Co., New York, N.Y.



A. J. WAGNER



W. L. CRIBBS



J. A. WALKER



VANCE FOSTER

Committee Members: H. J. GAVIGAN, Dow Chemical Co., Pittsburg, Calif.; A. H. HANSSEN, The Davison Chemical Corp., Baltimore, Md.; E. P. UTTER, Witco Chemical Co., New York, N.Y.

Drugs, Cosmetics and Pharmaceuticals

Chairman: WALTER L. CRIBBS, South-western Drug Corp., Houston, Texas.

Vice Chairman: L. W. MAYES, Behrens Drug Co., Waco, Texas.

Committee Members: D. R. COLLINS, E. R. Squibb & Sons, Long Island City, N.Y.; W. A. LANGE, Yahr-Lange, Inc., Milwaukee, Wis.; J. W. ROBERTS, Vick Chemical Co., Wilmington, Del.

Petroleum

Chairman: J. A. WALKER, Standard Oil Company of California, San Francisco, Calif.

Vice Chairman: R. W. WEILER, The Texas Co., New York, N.Y.

Committee Members: H. M. BARENTINE, Skelly Oil Co., Kansas City, Mo.; J. P. McLAUGHLIN, Richfield Oil Corp., Los Angeles, Calif.; E. A. SCHRAMKO, Esso Standard Oil Co., Philadelphia, Pa.

Program Committee Chairman: F. R. SPRINGER, Humble Oil & Refining Co., Houston, Texas; **Committee Members:** W. H. ARNOLD, Magnolia Petroleum Co., Houston, Texas; R. E. GREENWELL, The Texas Co., Houston, Texas; H. W. NEL-

SON, Shell Oil Co., Houston, Texas; W. W. RUSSELL, Continental Oil Co., Houston, Texas; F. M. WHITEHILL, Gulf Oil Co., Houston, Texas.



C. C. HEITMAN



Y. D. EARLY

Meat Packers

Chairman: C. C. HEITMAN, Armour & Co., Fort Worth, Texas.

Committee Members: H. R. BUNGER, Swift & Co., Fort Worth, Texas; O. E. DEDE, Krey Packing Co., St. Louis, Mo.; GEORGE EPSTEIN, Union Packing Co., Los Angeles, Calif.; CHARLES R. JOHNSON, JR., Albert F. Goetze, Inc., Baltimore, Md.

Plumbing, Heating, Refrigeration and Air Conditioning

Chairman: Y. D. EARLY, Jahns Supply Co., Fort Worth, Texas.

Vice Chairman: CHARLES B. FLUGSRUD, Rhode Island Fittings Co., Providence, R.I.

Committee Members: HOWARD C. HARTMAN, L. J. Mueller Furnace Co., Milwaukee, Wis.; T. A. SHAW, Modern Appliance & Supply Co., Inc., New Orleans, La.

Oil Field Services and Supplies

Chairman: VANCE FOSTER, First National Bank in Dallas, Dallas, Texas.

Vice Chairman: E. A. JOHNSON, Schlumberger Well Surveying Corp., Houston, Texas.

Committee Members: W. M. COONEY, JR., Baker Oil Tools, Inc., Houston, Texas; W. A. McMULLEN, Bethlehem Supply Company of California, Los Angeles, Calif.; OLIVE E. WYNN, The Chemical Process Co., Breckenridge, Texas.

Building Material and Construction

Chairman: R. C. NITZE, W. L. Macatee & Sons, Inc., Houston, Texas.

Vice Chairmen: W. H. COOK, Concrete Steel Corp., Detroit, Mich.; ELMER S. JOHNSON, Southern States Iron Roofing Co., Savannah, Ga.; RUSSELL L. MOORE, Mosher Steel Co., Houston, Texas; A. F. O. PFEIFFER, The Celotex Corp., Chicago, Ill.; W. C. WILLIAMS,



R. C. NITZE



E. H. TAYLOR

Gordon-MacBeath Hardwood Co., Berkeley, Calif.

Paint, Varnish, Lacquer and Wallpaper

Chairman: E. H. TAYLOR, Kuhn Paint Co., Houston, Texas.

Vice Chairman: R. L. NEWBURN, W. P. Fuller & Co., Oakland, Calif.

Committee members: HENRY BOGART, Cook Paint & Varnish Co., Houston, Texas; A. O. CODY, Jones-Blair Paint Co., Dallas, Texas; RICHARD H. OAKLEY, The Glidden Co., Cleveland, Ohio; MILTON M. SALAUN, Marine Paint & Varnish Co., Inc., New Orleans, La.; W. T. STEWART, Benjamin Moore & Co., New York, N.Y.



A. F. GERECKE



C. R. POULTER



H. J. LOWRY



W. M. WANVIG

Advertising Media

Chairman: ARTHUR F. GERECKE, St. Louis Post Dispatch, St. Louis, Mo.

Vice Chairman: T. F. McFARLAND, The Journal Co., Milwaukee, Wis.

Committee Members: PAUL BENTON, Radio Station KMO, Tacoma, Wash.; STANNARD M. BUTLER, Schenectady Union-Star, Schenectady, N.Y.; CLIFFORD SCHERER, The Houston Post Co., Houston, Texas.

Treasurer: HARRY E. HULL, The Detroit News, Detroit, Mich.

Floor Coverings and Furniture

Chairman: C. R. POULTER, William Volker & Co., Kansas City, Mo.

Vice Chairman: L. LENORE LYONS, H. J. Scheirich Co., Louisville, Ky.

Committee Members: L. L. BEUTEL, Myers-Spalti Manufacturing Co., Houston, Texas; E. C. CORWIN, John Widdi-comb Co., Grand Rapids, Mich.; GEORGE HILLMAN, Olive & Myers Manufacturing Co., Dallas, Texas; L. E. SHERMERY, James Lees and Sons Co., Bridgeport, Pa.

Insurance

Chairman: H. J. LOWRY, Michigan Mutual Liability Co., Detroit, Mich.

Co-Chairman: WILLIAM M. WANVIG, Globe-Union, Inc., Milwaukee, Wis.

Vice-Chairmen: DAVID Q. COHEN, Association of Casualty & Surety Executives, New York, N.Y.; L. A. FITZGERALD,

(Continued on following page)

Insurance (Continued)

American Mutual Alliance, Chicago, Ill.; **GEORGE G. TRAVER**, National Board of Fire Underwriters, New York, N.Y.

Secretary: DON CAMPBELL, Continental Insurance Co. of N. Y., Chicago, Ill.

N.A.C.M. Representative: E. B. MORAN, secretary of the National Association of Credit Men, Chicago, Ill.



E. BALESTIER, JR.



T. J. PETERSON



H. R. ELDRIDGE

Cement

Coordinating General Chairman: ELLIOT BALESTIER, JR., Cement Credit Division, National Association of Credit Men, New York, N.Y.

Chairman—Eastern Group: CHAS. H. NOBLE, JR., Hercules Cement Corp., Philadelphia, Pa.

Chairman—Central Group: J. C. HOFFMAN, Huron Portland Cement Co., Detroit, Mich.

Chairman—Southern Group: WILLIAM C. ANDERSON, Marquette Cement Manufacturing Co., Memphis, Tenn.

Chairman—Western Group: H. C. McFADDEN, Ash Grove Lime & Portland Cement Co., Omaha, Neb.

Public Utilities

Chairman: THOMAS J. PETERSON, The Detroit Edison Co., Detroit, Mich.

District Representatives—East: FRANK J. MAGUIRE, Boston Consolidated Gas Co., Boston, Mass.; **Central:** C. L. SULLIVAN, Peoples Gas Light & Coke Co., Chicago, Ill.; **South:** PAUL A. DU CHESNE, Houston Natural Gas Co., Houston, Texas; **Northwest:** R. W. PETERSON, Puget Sound Power & Light Co., Seattle, Wash.; **Southwest:** A. L. CODE, Southern California Edison Co., Los Angeles, Calif.

Planning Committee—Chairman: RAY E. BACHUS, Cincinnati Gas & Electric Co., Cincinnati, Ohio; **Vice Chairmen:** M. E. EDELL, Consolidated Edison Company of New York, New York, N. Y.; E. R. JOHNSTON, West Penn Power Co., Pittsburgh, Pa.

Brewers, Distillers and Wholesale Liquor

Chairman: S. P. McCALLA, McKesson & Robbins, Inc., Houston, Texas.

Vice Chairman: CARROLL C. KLEES, F. Strauss & Son, Inc., New Orleans, La.

Committee Members: L. W. PUCKETT, Gulf Brewing Co., Houston, Texas; R. M. ROWE, Southwestern Drug Co., Dallas, Texas.

Bankers

Chairman: H. R. ELDRIDGE, First National Bank of Houston, Houston, Texas.

Vice Chairman: H. M. SEYDLER, Sec-

Bankers (Continued)

ond National Bank of Houston, Houston, Texas.

Committee Members: JOHN GOLIBART, First National Bank of Houston, Houston, Texas; WALDO GRAFF, American National Bank, Beaumont, Texas; FRANK ILFREY, Union National Bank of Houston, Houston, Texas; HAROLD JONES,

representing investment banking; George Herzog, vice president, Union Bank of Commerce, commercial bankers; and L. Merle Hostetler, manager of the research department of the Federal Reserve Bank of Cleveland, from the economist's point of view. The panel subject was "Are We Going Broke?"

"We can't continue forever to consume more than we produce," Mr. Thompson warned. "We're too strong to go to pieces right now, but inevitably there has to be a day of reckoning."

Government must not "punish" the corporations which are giving the nation its high production capacity, Mr. Eakin urged. "The immediate outlook is for a continued devaluation of the dollar but not any sudden drop. In every nation in history there has been a tendency for the money of the country to decrease in value. We need heavy, intelligently based taxes and we need to attract savings by increased interest rates."

"We need to spend our money wisely and see that the Government does the same," Mr. Herzog told the audience. He added that the status is such that prices could soar until money loses its worth or could decline so abruptly that goods would lose value.

Noting that "conditions certainly haven't gone so far that they can't be turned back," Mr. Hostetler said there's no room for unemployment or idleness "for a good many years to come" if "our struggle with Russia is another Thirty Years War."

The panel was sponsored jointly by the Cleveland Association of Credit Men, Sales Executives' Club of Cleveland, Cleveland Chamber of Commerce, Associated Grocers Manufacturing Representatives, and the Rotary Club of Cleveland.

Unwise Fiscal Policies Can Hurt Economy, Panel Agrees

Unwise fiscal policies, decline of the dollar's purchasing power accompanied by a fall of income, and extension of governmental controls to the point of state socialism could triple-hammer the nation's economy into the danger zone, despite our great production capacity and America's inherent strength, but there is no immediate peril, financial authorities agreed at a panel discussion in Cleveland.

Participating were Donald S. Thompson, vice president of the Federal Reserve Bank of Cleveland, as moderator; Paul Eakin, general partner, Hornblower & Weeks, rep-



PARTICIPATING in a panel on "Are We Going Broke?", sponsored jointly by the Cleveland Association of Credit Men, Sales Executives' Club of Cleveland, Cleveland Chamber of Commerce, Associated Grocers Manufacturers Representatives, and the Rotary Club of Cleveland, were (l to r) George Herzog, vice president of the Union Bank of Commerce; Moderator Donald S. Thompson, vice president, Federal Reserve Bank of Cleveland; Paul Eakin, general partner, Hornblower & Weeks; and L. Merle Hostetler, manager, research department, Federal Reserve Bank of Cleveland.

MANAGEMENT IN THE NEWS

E. R. AILES

Secretary-treasurer of the Detroit Steel Products Company since 1915, Mr. Ailes has retired after 36 years of service to the company. Mr. Ailes' business activities began in 1904 as office assistant of the Hugh Wallace Company, followed by promotion to the managership. In 1909 he became assistant treasurer of the Truscon Company, going from that concern to the Detroit Steel Products Company of which he has been a director since 1920. He is also a director of the Industrial National Bank, Mutual Liability Company, Detroit Mortgage and Realty Company and Ciro Cameras, Inc.

Mr. Ailes has been unusually active in business and civic organizations: director and president, Michigan Manufacturers' Association; director and vice president, Detroit Citizens League; director and executive committeeman, Detroit Community Service; director, Detroit Board of Commerce, and the National Association of Manufacturers.

Mr. Ailes was president of the Detroit Association of Credit Men in 1920 and a director of the National Association in 1921. He has served also as chairman of the Fraud Prevention committee, 1925; chairman, expansion fund, 1935; and member of the motion picture panel of arbitration since 1940. Mr. Ailes was honored at a testimonial gathering of friends, among them company officials.



E. R. AILES



HARRY J. OFFER

Providence Paper Company. He was graduated from the University of Rhode Island Business Administration School in 1933. His first job was as a clerk in the office of the Sun Oil Company. Prior to joining Providence Paper in 1943 as office manager, he was plant accountant for Brown & Sharpe Manufacturing Company. Mr. Tillinghast is a member of the National Association of Cost Accountants, and was treasurer of the Rhode Island Association for eight years before his election to the presidency last spring.



W. E. TILLINGHAM



M. FRENCH

MILLARD FRENCH

The president of the Memphis (Tenn.) Association of Credit Men is secretary-treasurer of South Motors, Inc., having advanced to this position from accountant-cashier in 1949, with full supervision of accounting and tax matters, wholesale and retail credits and business administration. Native of Little Rock, educated in Memphis and Little Rock, with a business administration course at the Mid-South Institute of Accountancy, Memphis, Mr. French was associated with a Memphis firm of certified public accountants prior to joining South Motors. Although only 34 years old, he has been active in credit association work for 13 years.

JAMES R. LOVE

The president of the Springfield (Mo.) Credit Association is assistant service manager and manager of credit and collection activities of the General Elec-

(Concluded on page 40)

HARRY J. OFFER

After 46 years of service with The Detroit Edison Company, Mr. Offer has retired. He had been supervisor of the collection department since 1913.

Mr. Offer, past vice president of the National Association of Credit Men, joined the Detroit Association in 1921, has held every office in the local association and for six years was on National's board of directors, representing district 5. He was also a member of the National Adjustment Bureau committee, the administrative committee of National's board and the committee on revision of the constitution.

In 1938 he helped organize the N.A.C.M.s public utility group, and he twice was elected chairman.

Recently he has been devoting time to the success of the Credit Research Foundation. A charter-member of the Foundation, he was elected trustee for a three-year term in 1949. At the annual meeting last May he was elected vice president.

JOHN H. CURLING

President of the Syracuse (N.Y.) Association of Credit Men, Mr. Curling has been for 15 years with the Broome

Distributing Company of Syracuse and Binghamton, N. Y., as office and credit manager and now as a partner in charge of financial management. He has been in the wholesale electrical appliance field since 1927, having

served as secretary and treasurer of a distributing corporation in Buffalo and controller for the Philco subsidiary in Detroit. Member of the National Association of Cost Accountants, he has been a director and vice president of the Syracuse Chapter. Mr. Curling also has membership in the Tax Executives Institute, Inc., and has been chairman of the advisory panel of the Small Business Clinic, which gives free counsel to local small businesses in financial difficulty.



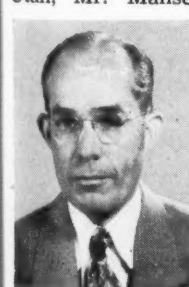
K. A. KESSLER

President of the Portland (Ore.) Association of Credit Men, and credit and office manager of J. E. Haseltine & Co., Mr. Kessler entered the credit field equipped with a bachelor of science degree from Oregon State College and

(Concluded on page 40)

L. W. MANSELL

President of the Inter Mountain Association of Credit Men, Salt Lake City, Utah, Mr. Mansell is treasurer and



credit manager of the Strevell-Patterson Hardware Company. He is also on the board of directors of two large finance companies in Salt Lake City, treasurer of the local National Office Managers Association,

and active in many church and civic organizations. His connection with the Credit Association has been a long and valuable one, with terms as vice president, treasurer and director, before election to the presidency.

W. E. TILLINGHAST

The president of the Rhode Island Association of Credit Men, Providence, Mr. Tillinghast is controller of the



ON THE DAIS at the New York luncheon honoring Charles J. Scully, retired director of the Fraud Prevention Department, National Association of Credit Men. Front row (l to r): L. D. Duncan, National Distillers Products Corp., N.A.C.M. president; Harry J. Delaney, Meinhard, Greeff & Co., Inc., toastmaster; John C. Knox, chief judge, U. S. District Court, Southern District of New York; Mr. Scully; Maxwell S. Mattuck, counsel, Fraud Prevention Department, N.A.C.M.; Roliston G. Woodbury, Textile Banking Co., Inc., president, New York Credit & Financial Management Association.

Second row: William H. Pouch, Concrete Steel Co.; William G. Betsch, retired, William Iselin & Co., Inc.; Rev. Father Thomas F. Sutherland, St. Catherine's of Alexander Church, Brooklyn; Henry H. Heimann, N.A.C.M. executive vice president; Joseph D. Daly, William Iselin & Co., Inc., executive

chairman, Uptown Credit Group, affiliate of National Federation of Textiles, Inc.; A. Bruce Bielaski, assistant general manager, National Board of Fire Underwriters; Clarence L. French, Western Union Telegraph Co., president, National Law Enforcement Associates.

Third row: J. Wilson Newman, Dun & Bradstreet, Inc.; A. J. Smith, J. P. Stevens & Co., Inc., chairman, Fraud Prevention Fund, N.A.C.M.; Mortimer J. Davis, New York Credit & Financial Management Association; Frank E. Byrne, Cannon Mills, Inc., president, Downtown Textile Credit Group, Inc.; Morris Weisman, Wexler & Weisman, Philadelphia, president, Commercial Law League of America; John C. Fredell, Jr., director, Fraud Prevention Department, N.A.C.M. (Photo by New York Daily News Record).

Scully Is Honored for War On Crooks in Credit Field

The successful efforts of Charles J. Scully in fraud prevention are everywhere evident today in business operations, credit, bar and bench representatives agreed at a meeting in New York in tribute to the former director of the Fraud Prevention Department of the National Association of Credit Men, who retired August 31st after 25 years of service. The New York Credit & Financial Management Association and the N.A.C.M. jointly sponsored the luncheon gathering.

"A loyal and impeccable protector of the commercial life of this community," was the tribute paid the honor guest by John C. Knox, chief judge, U. S. District Court for the Southern New York District.

Henry H. Heimann, executive vice president of the N.A.C.M., said that "no individual in the United States has done more to bring to justice crooks who operate in the credit field. Much beyond the material savings are the benefits flowing from the deterrent influence wielded by his vigilant prosecution of credit crimes."

The toastmaster, Harry J. Delaney, of Meinhard, Greeff & Co., Inc., de-

clared that Mr. Scully's "enthusiasm for his work, his courage and determination have eliminated, in the granting of credit in our industry, the fear of crookedness which was so rampant in the early 1920s before the Fraud Prevention Bureau was organized."

Among other speakers were Morris Weisman, president of the Commercial Law League of America; Maxwell Mattuck, counsel of the Fraud Prevention Department and its first director; William H. Pouch, president, the Concrete Steel Company and past N.A.C.M. president; and William G. Betsch, retired vice president of William Iselin & Co., New York, who had been chairman of the N.A.C.M. fraud prevention committee for many years.

Mr. Scully, noting that he "at all times had received the fullest cooperation of federal, state and municipal authorities as well as the fullest assistance from directors of the local associations, particularly from Morty Davis (New York association), who was an early associate of mine in the FBI," said the affairs of the department "are in the very capable hands of John C. Fredell, Jr., and I feel certain you will give him the same support."

KESSLER (Continued)

a bachelor of laws degree from Northwestern College of Law, which he supplemented with an associate award and fellow award in the National Institute of Credit. He is a charter member and past president of the Portland chapter of the National Office Management Association. Mr. Kessler has given valuable assistance to the Portland Credit Association, serving in 1950 as vice president, since last April as president.



K. A. KESSLER



J. R. LOVE

LOVE (Continued)

tric Supply Corporation. Before joining the corporation two years ago, Mr Love was assistant manager with the Crank Drug Company. He has been active in the credit association for several years, serving on committees and the board before becoming president last April.

Midwest Credit Conference Will Include an Open Forum

Speakers at the Midwest Food and Confectionery Credit Conference, Chicago, Feb. 15, include W. R. Dunn, General Foods Corporation; John C. Fredell, Jr., director of the fraud prevention department of the National Association of Credit Men; Ben W. Heineman, chairman of the Uniform Commercial Code committee of the Chicago Bar Association; Howard E. Kroll, Dun and Bradstreet, Inc.; Joseph T. Meek, Illinois Federation of Retail Associations; and the Chicago credit association's president, D. A. Grant, Socony-Vacuum Oil Company, Inc.

E. L. Peterson, Standard Milling Company and chairman of the conference committee, will preside at an open forum; R. O. Berg, General Mills, Inc., at the luncheon.

This No. 3 Collection Letter Enlists Aid of Abe Lincoln

The following No. 3 collection letter, printed in "Crisp Credit Chips" of the Louisville Credit Men's Association, did the trick for Neal D. Kelley of the National Dairy Council. When you have read it, you will know why.

FAILURES

He ran for the legislature of Illinois, and was badly swamped.

He next entered business, failed, and spent 17 years of his life paying up the debts of a worthless partner.

He fell in love with a beautiful woman to whom he became engaged—then she died.

Entering politics he ran for Congress and was badly defeated.

He then tried to get an appointment to the United States Senate and was badly defeated.

He became a candidate for the vice presidency of the U. S. and was again defeated.

He was defeated a second time for the U. S. Senate.

But, in the face of all this defeat and failure, he eventually achieved the highest success attainable in life, an undying fame to the end of time.

His name was ABRAHAM LINCOLN.

We, too, have repeatedly failed in our efforts to hear from you in regard to your membership dues. Won't you please make this attempt successful by sending us your check at once?

Chattanooga Association Names W. T. Hutson to Presidency

W. T. Hutson, Gilman Paint & Varnish Company, is the new president of the National Association of Credit Management, Inc., Chattanooga, Tenn., and Margaret Hail, of The Chattanooga Medicine Company heads the Wholesale Credit Women's Group.

COMING EVENTS ON ASSOCIATION CALENDARS

SAN FRANCISCO, CALIFORNIA

February 18-19

Annual Conference of Credit and Financial Managers of California

ATLANTA, GEORGIA

March 8-10

Annual Conference of Secretary-Managers, Eastern Division, N.A.C.M.

FARGO, NORTH DAKOTA

March 21-22

Annual North-Central Credit Conference of Credit and Financial Managers, comprising credit associations of Minnesota, North Dakota and South Dakota.

HOUSTON, TEXAS

May 12-15

56th N.A.C.M. Conference

ST. LOUIS, MISSOURI

October 16-18

Annual Tri-State Conference of Credit and Financial Managers comprising Missouri, Kansas and Oklahoma

CEDAR RAPIDS, IOWA

October 15-17

Tri-State Conference of Credit and Financial Managers, com-

prising Iowa, Nebraska and South Dakota

ATLANTIC CITY, NEW JERSEY

October 16-19

Tri-State Conference of Credit Executives, comprising New Jersey, New York and Eastern Pennsylvania

KNOXVILLE, TENNESSEE

October 20-21

Annual South Eastern Credit Conference, covering Tennessee, North and South Carolina, Alabama, Georgia and Florida

YOUNGSTOWN, OHIO

October 24-25

Annual Ohio Regional Conference of Credit Executives.

KANSAS CITY, Mo.

October 31, Nov. 1-2

Midwest Credit Women's Conference

EL PASO, TEXAS

November 7-9

Annual South Western Credit Conference, covering Louisiana, Texas and New Mexico

PORTLAND, OREGON

March 18-20, 1953

Pacific Northwest Credit Conference, covering Oregon, Washington and Idaho

Other officers of the association are: E. J. Platt, Pioneer Bank, first vice president; D. B. Harris, Jr., Hamilton National Bank, second vice president; G. Royal Neese, adjustment bureau, secretary-treasurer; Mrs. M. T. Lifsey, adjustment bureau, assistant secretary-treasurer; K. H. Heald, Vance Iron and Steel Company, chairman of the board; T. P. Fraser, Brock Candy Company, councillor; and E. S. Talley, Cavalier Corporation, director of sales and promotion.

Officers of the Women's Group include: Miss Sue Wheeler, Crystal Springs Bleachery, first vice president; Mrs. R. T. Hartman, Davenport Hosiery Mills, Inc., second vice president; Miss Mary Lou Case, Cumberland Portland Cement Company, recording secretary; Mrs. Jane Massey, Hajoca Corporation, corresponding secretary; Miss DeLoache McReynolds, Hamilton National Bank, treasurer; Mrs. Elizabeth Varner, Burkart-Schier Chemical Company, councillor; and Miss Mary Steinmann, Corley Manufacturing Company, chaplain. The directors are Miss Martha O'Kelley, Mrs. Pauline Milam, Mrs. Mildred House, Mrs. Ollie Cain, and Miss Mylolo Cooper.

Learn to Say "No," Woodbury Tells Students at Institute

The "big things always come to the top," R. G. Woodbury, president of the New York Credit and Financial Management Association, told students of the New York Institute of Credit at their traditional rally session. Another "thought for the day" from his talk was this: "An education is something that nobody can take away from you."

"This Institute is a wonderful thing for you," the speaker said. "It's an opportunity made available to you by generous and farsighted benefactors who have been the real pillars of the credit world . . . It will continue to be respected and great only if its members play the game and obey the rules of conduct that have been laid down and fostered by these men who have given you the Institute of Credit. You, the coming leaders, will have to have character and ideals, the courage of your convictions, the guts to withstand pressure and criticism, and to learn to say 'No' when you know you should,—with a smile—whether or not it's going to meet with the approval of your official family."

LOCAL CREDIT IN



ASSOCIATIONS ACTION

CONDENSED REPORTS OF MEMBERSHIP MEETINGS OF ORGANIZATIONS THROUGHOUT THE COUNTRY

PITTSBURGH, PA.—The "Credo Club," weekly luncheon meeting sponsored by the Credit Association of Western Pennsylvania, had as speakers at two meetings *Joseph G. Smith*, director of purchases, Pittsburgh Steel Company, whose subject was "Your Purchasing Department Can Create Credit Problems," and *Paul M. Millians*, vice president, Commercial Credit Corporation, "A Time for New Business Attitudes."

ST. LOUIS, MO.—*Henry H. Heimann*, executive vice president, National Association of Credit Men, was a special guest at the Christmas meeting of the St. Louis association and discussed "The Outlook for 1952."

CLEVELAND, OHIO—*Miss Margaret Mahoney*, assistant director of commerce, Division of Securities, addressed the November meeting of the Cleveland Credit Women's Club on laws governing securities and loans. The gathering in December attracted 65 to the traditional Christmas party.

CHICAGO, ILL.—Among the past presidents of the Chicago credit association honored at the annual Yuletide luncheon were *R. G. Elliott*, *S. Einstein*, *C. L. Holman*, *S. Overstraeten*, *A. L. Podrasnik*, *G. T. Thomas*, *J. E. Walsh*, and *James S. Cox*, now executive manager. President *D. A. Grant* presided.

CHATTANOOGA, TENN.—The Wholesale Credit Women's Group took over the Christmas program of the National Association of Credit Management, Inc., with *Mrs. M. E. S. Clark* as the guest speaker.

NEWARK, N. J.—The Credit Women's Group of the New Jersey Association of Credit Executives sponsored the annual Christmas party, with the association men as guests.

MANSFIELD, OHIO—The association held a panel discussion on "The Questions Are Here—Do You Have the Answers?" *R. M. Young*, Mansfield Tire and Rubber Company, was program chairman and moderator. *E. J. Osborne*, Westinghouse Electric Corporation, is association president. Treasury and credit managers attended from Ashland, Bucyrus, Galion, Mt. Gilead, Mt. Vernon, Shelby, Willard Wooster, Londonville, Lexington, Plymouth and Mansfield.

TOLEDO, OHIO—A combination of entertainment and serious talks comprised the December program given in the Commons Dining Room of the Bowling Green State University. *Dr. Paul W. McCracken*, former economist and director of the Federal Reserve Bank of Minneapolis, now professor of business administration, University of Michigan, discussed 1952 business prospects. The university student group provided music and aquatics demonstrations.

GRAND RAPIDS, MICH.—Music, magic and playlet shared interest at the December meeting, with *Clyde F. Cairy*, memory mentalist, and a comedy skit by members. Grand Rapids additionally presents bi-weekly membership luncheons. The speakers in December were *Dr. Ray F. Street*, who outlined "Statistics in Psychology," and *Joseph P. Van Blooy*, *A. L. Holcomb Company*.

DALLAS, TEXAS—The teaser title "9¾-Pound Hams" was the subject of a talk before the association membership given by *Max Clampitt*, president, Clampitt Paper Company.

NEWARK, N. J.—*E. William Lane*, treasurer, American Screw Company, and eastern division vice president of the National Association of Credit Men, addressed the New Jersey members on "Your Place in Credits."

SOUTH BEND, IND.—A forum was held on "Ratios on Financial Statements Pertinent to Inventories and Accounts Receivable." Discussion leaders were *Edward Porter*, Kawneer Company, Niles, Mich.; *Albert Cotner*, The Ridge Company; and *Howard E. Kroll*, Dun and Bradstreet.

BURLINGTON, IOWA—*F. G. Phillips*, credit manager, Globe Machinery and Supply Company, Des Moines, and director of the N.A.C.M., pointed up credit and financial problems of 1952.

SYRACUSE, N. Y.—*John J. Curling*, credit manager, Broome Distributing Company, and president of the Syracuse Association of Credit Men, addressed the women's group meeting, on "Know Your Association." *Miss Doris Pursey*, Cherry-Burrell Corporation, presided.

MINNEAPOLIS, MINN.—President *Betty Knapp* of the Women's Group of the Minneapolis Association of Credit Men highlighted the November meeting with her report from the Mid-West Conference in Cleveland and the Christmas project to give a hearing aid to a youngster attending the Louis Agassiz School for the deaf in Minneapolis. *Mr. Carroll Johnson*, recently returned exchange teacher from Belfast, Ireland, was the guest speaker and presented colored slides.

CINCINNATI, OHIO—Two luncheon meetings of members had interesting talks by *Kelly Y. Siddall*, controller, Procter & Gamble Company, who elaborated on LIFO (method of inventory control), and *Dr. Raymond Rodgers*, professor of banking at New York University, who gave his views on "What's Ahead for Business." *Mr. Rodgers* is on the faculty of the N.A.C.M. Graduate School at Dartmouth.

BUFFALO, N. Y.—*E. Dent Lackey*, public relations manager, The Carborundum Company, Niagara Falls, discussed problems of the Korean situation at a session of the Credit Men's Association of Western New York.

DETROIT, MICH.—President *Kathryn Lykins* and Vice President *Lillian Lawhon* were hostesses at a cocktail party preceding the Christmas gathering of the Credit Women's Club of Detroit.

CHICAGO, ILL.—A Christmas story was presented by *Mildred Lawrence* of Radio Station WJOL at the annual Christmas party sponsored by The Credit Women's Club.

OAKLAND, CALIF.—The bosses' night and the bosses themselves were the centers of attraction at a dinner meeting of the Women's Group of the Oakland (California) Wholesalers Credit Association. Speakers were *John R. Ober* of the State Controllers Office, *Ken Bugbee*, *George T. Stockfleth*, and President *George A. Gitchell* of the association. *Mary Lorentzen* planned the gathering.